



# The Promontory Club MEMBERSHIP PLAN

*Summit County, Utah*

August 2018

# THE PROMONTORY CLUB

## MEMBERSHIP PLAN OVERVIEW

### MEMBERSHIP OPPORTUNITY

This Membership Plan offers individuals an opportunity to acquire a membership at The Promontory Club. Membership in the Club enables members, their families and their guests to enjoy the Club's outstanding golf, tennis, swimming, fitness, equestrian and social facilities. These facilities are located within the Promontory residential community.

### MEMBERSHIP CATEGORIES AND PRIVILEGES

The Club offers memberships in the following categories: Full Memberships, Equestrian Memberships and Social Memberships. The Club may offer certain other memberships and use privileges as described in the "Other Memberships and Use Privileges" provision in this Membership Plan. The privileges associated with each category of membership are more fully described in this Membership Plan.

### SPECIAL MEMBERSHIP BENEFITS

In addition to outstanding Club Facilities and broad array of activities for members and their families, membership in the Club offers many unique benefits, including:

- Refundable Membership Deposit. The membership deposit paid for a membership is refundable upon resignation and reissuance of the membership as, and to the extent provided for in this Membership Plan.
  - Resigned Memberships Reissued Prior to Membership Sell-out. Resigned members who are awaiting refund of their Membership Deposit do not have to wait until all new memberships in the Club have been issued before their membership is reissued, subject to the terms of this Membership Plan.
  - Transferability of Memberships. Memberships in good standing are transferable through the Club to the subsequent purchaser of a member's residence or homesite in Promontory subject to the terms of this Membership Plan upon the subsequent purchaser's payment to the Club of the then-applicable Membership Deposit for that class of membership.
  - Legacy Transfer. Members can arrange for a one-time transfer of their membership through the Club to an immediate or extended family member who owns property at Promontory, subject to the terms of this Membership Plan. This transfer is not subject to a transfer fee.
  - Inheritability. Upon the death of a member, the membership can be transferred to his or her spouse or, one time, to an immediate or extended family member who owns property at Promontory, subject to the terms of this Membership Plan.
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- No Assessments. Members are responsible only for dues, fees and charges established by the Club from time to time and are not subject to either operating or capital assessments prior to an equity conversion.
- Immediate Family Privileges. In addition to unrestricted use by the member's spouse and children, the Member's children's spouses, parents, spouse's parents, grandchildren, great grandchildren, and grandparents are also allowed to enjoy the Club Facilities, unaccompanied, except during certain peak-use periods that may be specified by the Club.
- Extended Family Privileges. A member may select up to four adults (plus the spouse and children of each of the four adults) from among the member's extended family (which includes siblings and cousins of the member and member's spouse, and such sibling's or cousin's spouses and their children, grandchildren, great grandchildren and their spouses). The four identified extended family members (plus their spouses and children) can all enjoy the Club's facilities, during non-peak times and subject to any and all rules and restrictions established by the Club, by paying reduced daily or weekly fees as provided in this Membership Plan and the Rules and Regulations.
- Club Newsletter. Members will receive newsletters (by e-mail) containing information about events and activities at the Club and other items of interest to members.

The Club reserves the right to change or eliminate certain membership benefits from time to time.

#### CAREFULLY REVIEW ALL MEMBERSHIP DOCUMENTS

Every person who desires to obtain a membership, or owns or purchases a residence or homesite within the Promontory community should carefully read this Membership Plan and all of the referenced documents and should seek professional advice to evaluate these documents.

#### 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, INCLUDING BUT NOT LIMITED TO THE SIZE OF OR MATERIALS USED IN THE CONSTRUCTION OF ANY CLUB FACILITIES, 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 AGREEMENTS WITH OTHER PRINTED MATERIALS, THE MEMBERSHIP PLAN, RULES AND REGULATIONS AND MEMBERSHIP AGREEMENTS SHALL GOVERN.

#### MEMBERSHIPS AT THE CLUB 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 FROM MEMBERSHIP AT THE CLUB.

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

#### MEMBERSHIPS MAY NOT BE AVAILABLE IF NOT ACQUIRED ON INITIAL HOMESITE PURCHASE FROM COMPANY

As provided in this Membership Plan, all unissued memberships not acquired by Promontory property owners in connection with the initial purchase of their Promontory homesite from Promontory's developer (referred to herein as the "Company") are reserved by the Club for issuance only at the direction of the Company and may be used in connection with the Company's sale of future real estate. For this reason, such unissued memberships may not be available to Promontory owners who later wish to acquire a Club membership or upgrade their class of Club membership. In particular, those considering Club membership are advised that there will most likely not be sufficient Full Memberships or Equestrian Memberships to satisfy ultimate demand from Promontory property owners and that homesites not entitled with a Social Membership, Full Membership or Equestrian Membership at the time of initial purchase from the Company may not be able to acquire one in the future.

#### APPLICATION PROCEDURE

Each person who desires to become a member must mail or deliver to the Membership Office a fully completed and signed Membership Agreement, along with a check for the required membership deposit. In the event that the application is not acted upon favorably, the membership deposit will be fully refunded, without interest.

#### MEMBERSHIP OFFICE AVAILABLE TO ANSWER QUESTIONS

All inquiries regarding membership in the Club or this Membership Plan and referenced documents should be directed to the Membership Office at The Promontory Club or by calling (435) 333-4000. You may call or visit the Membership Office, conveniently located in Promontory's Ranch Clubhouse at 8417-A North Ranch Club Trail, Park City, Utah, 84098. No appointment is necessary, although one is recommended.

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# CLUB MEMBERSHIP FEATURES AND FACILITIES

## INTRODUCTION

Membership in The Promontory Club offers use of exceptional golf, tennis, swimming, fitness, equestrian and social facilities. This Membership Plan, the Membership Agreement, the Club Rules and Regulations (along with supplemental written policies of the Club which may be implemented from time to time), as the same may be modified from time to time at the sole discretion of the Club, set forth the rights and privileges of membership in the Club.

## CLUB FACILITIES

Members, their families and guests will enjoy the following Club Facilities and Golf Courses, according to their level of membership:

- **Two 18 Hole, Par 72 Championship Golf Courses**
  - The first course, the Pete Dye Canyon Golf Course, opened for Member play in 2002.
  - The second course, the Jack Nicklaus Painted Valley Golf Course, a Jack Nicklaus Signature design, opened for Member play in 2007.
  - Golf practice facilities associated with each course include driving ranges, chipping areas and putting surfaces.

- **The Golf House (and Golf Academy):**

The Golf House, overlooking the Driving Range of the Pete Dye Canyon Golf Course, is the headquarters for Promontory's golf instruction. It features restrooms, changing rooms and a viewing patio. The Golf House also houses the main office of The Promontory Conservancy.

- **The Outfitter's Cabin:**

Located high atop Promontory, overlooking the Rockport Reservoir, the Outfitter's Cabin is your family's center for hiking, camping, mountain biking, fishing and, in winter, Nordic skiing and snowshoeing. In the winter, the Promontory Club Outfitter organizes alpine ski adventures and sledding for members both on and off-property, while in the summer, the Outfitter provides and instructs members in the use of outdoor sporting equipment while exploring all the Promontory trails and best fishing spots in Promontory's stocked ponds. In addition, Promontory's Outfitter will organize off-property expeditions for members to sail and wakeboard on the nearby Jordanelle and Rockport Reservoirs, enjoy blue-ribbon fly fishing in Utah's wild rivers and explore local national forests.

- **The Ranch Clubhouse (and Hot Spot Café):**

The Ranch Clubhouse opened in 2004 and is the athletic clubhouse within Promontory's Ranch Club Compound, and offers the finest amenities for swimming, tennis, fitness, and spa services. The Ranch Clubhouse also has a poolside café restaurant for members, along with an indoor internet café (the "Hot Spot"). In addition, a soccer field and sand volleyball courts

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are within walking distance. The stadium tennis court even converts into an ice rink in the wintertime to provide Promontory families with a one-of-a-kind holiday experience. The Ranch Club Pro Staff offers instruction in tennis, fitness and swimming.

- **The Kinnikinnick Kid's Cabin:**

Located within a few steps of the Ranch Clubhouse, the Kinnikinnick Kids' Cabin, which opened in 2003, gives Promontory's younger family members a clubhouse to call their own. The Kinnikinnick Kid's Cabin offers organized activities, games and crafts for its young campers and it also serves as the jumping-off point for the Promontory Adventure Trail – a Tom Sawyer fantasy path which wanders through trees and across a stream, and is complete with a fort, a tree house, a water slide, and a cave.

- **The Pete Dye Canyon Golf Clubhouse:**

Promontory's Pete Dye Canyon Golf Clubhouse (an approximately 28,000 square foot facility, which opened in 2006) is also located within the Ranch Club Compound and provides Promontory's Full Members a sanctuary devoted to the game. Overlooking the 18<sup>th</sup> fairway and green, this clubhouse features our fine dining restaurant, The Hearth Grille, dining patio, luxurious men's and women's locker facilities, meeting rooms/lounges, cart and bag storage and a fully equipped pro shop.

- **"The Shed" Activity Clubhouse:**

"The Shed," (an approximately 16,000 square foot facility, which opened in 2012) is the final clubhouse within the Ranch Club Compound and serves as the casual kick-back clubhouse for Promontory families. This clubhouse includes a panoramic view deck, family dining, a soda fountain, and a sports bar. The Shed includes activities and services for Promontory families of all ages, as it features an indoor basketball court, 50-seat movie theater, game room, art studio, and bowling, along with a general store, mailroom, and an outdoor amphitheater for summer concerts and events.

- **The Alpine Lodge at Deer Valley:**

Promontory's Alpine Lodge at Deer Valley is an 1,800 square foot leased facility located on the ski mountain at Upper Deer Valley. The Alpine Lodge is served by the Promontory Conservancy's private shuttle, which makes regular runs between Promontory, Deer Valley and Park City ski resorts. The Lodge provides a private place for members and their families to relax and read the paper or to watch sporting events with a snack or beverage, either between runs or at the end of the ski day while waiting for the rest of their family. The Alpine Lodge Ski Valet will dry and store members' gloves and boots for the next day's use. The Club Concierge may assist them with plans for local dining and other activities.

- **The Equestrian Center:**

Promontory's private Equestrian Center, which opened in 2006, allows Equestrian Members to maintain and train their horses year-round at Promontory while training for competition-level riding or simply exploring Promontory on horseback. The private Equestrian Center is adjacent to Promontory's Equestrian Gate and includes an indoor arena, stables for 32 horses, outdoor corrals, a round pen and adjacent pastures.



- **The Wrangler Corral:**

Promontory's Wrangler also offers those who don't have their own horses the opportunity to take trail rides and other equestrian excursions through Promontory's expansive open space preserve, utilizing Promontory's private trail system.

- **The Jack Nicklaus Painted Valley Clubhouse and Fitness Studio:**

The Nicklaus Clubhouse, which serves the Jack Nicklaus Painted Valley Golf Course, is a sophisticated, multi-use clubhouse, which is the social and activity center in the Painted Valley area of Promontory for Full members. This facility features a unique glass-walled Pro Shop, golf locker rooms, The Peak, an elegant lounge and dining room, plus private dining and extensive dining patios overlooking the 18<sup>th</sup> fairway with dramatic, distance views of Deer Valley's Bald Mountain. The fitness studio portion of this clubhouse opened in 2017. Future expansions of the Nicklaus Clubhouse are planned to accommodate event uses for members and guests.

- **The Beach House:**

The Beach House opened in 2017. It offers a marvelous family lakeside beach experience, including sand beach, café dining, changing rooms and a large, negative-edge pool, all with a magnificent, panoramic view across Promontory's Saddle Lake, toward the Wasatch Mountains. This Club facility is available to both Full and Social members of the Promontory Club and is located adjacent to the recreational lake, tubing hill and play field, and amphitheater concurrently managed by the Promontory Conservancy.

## CONSTRUCTION OF CLUB FACILITIES

The Pete Dye Canyon Golf Course, related golf practice facilities, the Range House, the Alpine Lodge at Deer Valley, the Outfitter's Cabin and trail riding facilities were completed and open for member use in 2002. The Kinnikinnick Cabin and Kids' Adventure Trail opened in 2003. The Ranch Clubhouse, along with its tennis facilities and swimming pool, opened for member use in 2004. The private Equestrian Center and the Pete Dye Canyon Golf Clubhouse opened for member use in 2006. The Shed family activity clubhouse opened in 2012. In addition, the Jack Nicklaus Valley Golf Course and related practice facilities were completed and open for member use in 2007 in order to increase the Club's membership capacity from 395 active full members to 790 active full members. The Nicklaus Golf Clubhouse opened for Full Member use in 2015. Expansion of the private Equestrian Center facilities may be constructed when the developer determines it is justified by Equestrian Member demand for boarding and training facilities. The construction of all Club Facilities is subject to obtaining the necessary governmental approvals and permits. The Club may, in the exercise of its reasonable business judgment and taking into account, among other things, anticipated demand for services, delay construction of and/or modify the nature and/or scope of any Club Facilities. Neither the Club nor its affiliates shall have any liability whatsoever to the members or any other person in the event that construction of any of the Club Facilities is delayed and/or the nature and/or scope of any Club Facilities are modified. If construction of Club Facilities are delayed and/or the nature and/or scope of Club Facilities is modified, a Member, as its sole remedy, may choose to resign his or her

membership and shall be entitled to the return of the member's membership deposit, without interest, subject to the terms of this Membership Plan.

#### OWNERSHIP AND OPERATION OF THE CLUB FACILITIES

Promontory Investments, LLC, an Arizona limited liability company (the "Company"), d/b/a/ The Promontory Club, owns and operates the Club Facilities. The Club and the Company are hereinafter sometimes collectively referred to as the "Club."

#### MEMBERSHIP CATEGORIES AND PRIVILEGES

##### CATEGORIES OF MEMBERSHIP

In order to provide exclusivity and availability of facilities and services to members, the Club is offering a limited number of Full, Equestrian and Social Memberships. The Club may offer certain other memberships and use privileges as described in the "Other Memberships and Use Privileges" provision in this Membership Plan. Each person who acquires a membership will be entitled to use the Club Facilities in accordance with his or her category of membership and the terms and conditions of this Membership Plan and the Rules and Regulations, as the same may be amended from time to time.

##### FULL MEMBERSHIP

Each person who acquires a Full Membership will be entitled to use all of the golf, tennis, swimming, fitness, ice rink, trail riding (excluding the private Equestrian Center facilities) and social facilities of the Club. Full Members will not be required to pay greens fees or court fees for use of the golf and tennis facilities, but will be required to pay golf cart fees. Advance sign-up privileges for golf starting times, tennis court times and ice rink times will be determined by the Club from time to time. Use privileges (including making dining reservations) in the golf clubhouse(s) and fitness studio is reserved exclusively for Full Members, which exclusivity may change from time to time, in the Club's sole discretion (see the Club Rules and Regulations for further information).

##### EQUESTRIAN MEMBERSHIP

Each person who acquires an Equestrian Membership must also have an active Full or Social Membership. Each Equestrian Member will be entitled to full use of the facilities of Promontory's private Equestrian Center subject to applicable rules governing such use (see Club Director for the current Equestrian Handbook in effect, which Handbook must be strictly adhered to by all Equestrian Members). Each Equestrian Membership shall entitle the member to the use of one single-horse boarding stall and a private tack locker. Equestrian Members may be given the opportunity to temporarily board additional horses, upon payment of applicable additional fees, to the extent stalls are available and not presently being used by other Equestrian Members. Stalls and lockers shall be assigned, and re-assigned, from time to time, by the Club at its sole discretion: provided, however, the assignment of boarding stalls and private tack lockers, as well as the allocation of unused stalls available for rent among Equestrian Members shall be determined by each membership's priority status based upon a first-issued, first-priority basis. Equestrian Members will pay monthly Equestrian Dues and will also be responsible for boarding and

feed charges during any periods they maintain a horse in the facilities. Training, grooming and other services will also be available to Equestrian Members on an additional fee basis.

## SOCIAL MEMBERSHIP

Each person who acquires a Social Membership will be entitled to use all of the tennis, swimming, fitness, ice rink, outfitter, trail riding (excluding the private Equestrian Center facilities) amenities at Promontory, along with the Ranch Clubhouse (and Hot Spot Café), the Range House, the Shed Clubhouse, the Outfitter's Cabin, the Alpine Lodge at Deer Valley, and the Beach House. Social Members may be allowed limited access to some golf clubhouse facilities during non-peak times if the Club determines to allow such use on a case-by-case basis and at its sole discretion; however, certain privileges (making reservations for dining, locker use, club storage, and the like) in the golf clubhouse(s) is presently exclusively reserved for Full Members. Social Members will not be required to pay court fees for use of the tennis facilities. Advance sign-up privileges for tennis court and ice rink times will be determined by the Club from time to time, in its discretion.

## RULES AND POLICIES

To enhance the recreational and social pleasure of members and their guests, the Club reserves the right, at its sole discretion, to establish, modify and/or enforce rules, regulations, policies, guidelines, or systems governing access or reservation of the Club Facilities. See the Club Rules and Regulations for further information.

## EXCHANGE OF MEMBERSHIP PRIVILEGES

Full Members and Social Members who do not desire to retain their full membership privileges may arrange through the Club to exchange their membership privileges and respective dues obligations with those of another active member in a different membership category, upon obtaining the approval of the Club, which approval may be withheld in the Club's sole discretion. If approved, the right to exchange membership privileges will be on a membership year basis and will not affect the exchanging members' rights or obligations to their underlying membership other than the payment of dues for the membership year in which the exchange occurs. There is no guarantee members will be able to exchange their membership privileges with another member. The Club may charge an administrative fee in connection with an exchange of membership privileges.

## NUMBER OF MEMBERSHIPS

### LIMITED NUMBER OF MEMBERSHIPS

A maximum of 790 Full Memberships may be issued by the Promontory Club with respect to the 36 holes contained in the Dye and Nicklaus courses.

The limit on the number of Equestrian Memberships to be offered in the Club shall be the same number as the number of boarding stalls available for use in the private Equestrian Center facilities. Thus, to the extent that the Club may, from-time-to-time elect, at its sole discretion, to construct additional stalls it may increase the total number of Equestrian Memberships to match the total number of stalls available for use.

The Club is authorized to issue a sufficient number of Social Memberships so that any property owner in the Promontory community can acquire a Social Membership. Nevertheless, the Club is not required to make a Social Membership available to an initial property purchaser after the closing on the property purchase. (See "Offering of Memberships – Initial Purchasers of Residences or Homesites in Promontory" section.) Furthermore, to the extent that all unsold memberships are reserved by the Developer, the Club is under no obligation to make any membership available to any Promontory property owner unless such membership is available on the Club's Resigned Membership List and the applicant is approved for membership in the Club. The Club may, at its sole discretion, limit the number of memberships available in the Club or in any category of membership as the Club determines appropriate from time to time.

## FAMILY PRIVILEGES

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A member's immediate family will be entitled to use the Club Facilities in accordance with the member's category of membership; subject to restrictions during periods of peak facility use. A member's immediate family will include the member's spouse (or, in cases where there is no spouse but a permanent co-habitation situation exists, a member's "significant other," as designated pursuant to Club policies) and their children, children's spouses, parents, spouse's parents, grandparents, grandchildren, and great grandchildren.

### EXTENDED FAMILY PRIVILEGES

A member may select up to four adults (plus their spouses and children) from among the member's extended family (which are any persons related to the member who do not fall within the definition of "immediate family" above). The four identified extended family members (plus their spouses and children) will be permitted to use the Club Facilities when staying in a member's residence in accordance with the member's category of membership upon payment of reduced daily or weekly fees established from time to time by the Club (Blackout dates and other use restrictions shall also apply; see the Club Rules and Regulations and Guest/Extended Family Use Procedures for more information). All fees and club charges incurred by the member's extended family will be charged to the member's club account and shall be payable by the member. The Club may modify or terminate this privilege and establish additional rules and limitations with respect thereto (with respect to times/days on which accompanied and/or unaccompanied access is allowed, and to which facilities) as it may determine necessary from time to time, at its sole discretion.

## GUEST PRIVILEGES

### USE OF THE CLUB FACILITIES BY A GUEST OF A MEMBER

Members may have guests use the Club Facilities in accordance with the member's category of membership and the Rules and Regulations of the Club (which, for example, limit the days, times and facilities permitted for guest access). The Club restricts Club access or use by unaccompanied and/or accompanied guests, and also limits 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 pre-registration of all guests, along with 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. Members will be responsible for the department of their guests. See the Club Rules and Regulations and the Guest/Extended Family Procedures for more information.

## OFFERING OF MEMBERSHIPS

### OFFERING OF MEMBERSHIPS

Memberships will be offered to initial purchasers of a residence or homesite in Promontory and other such persons as the Club, at its sole discretion, determines appropriate from time to time. In addition, Equestrian Memberships will be offered only to Full Members and Social Members in good standing; provided, however, temporary or recallable Equestrian Memberships may also be offered to persons who are not Full or Social members on a promotional basis as provided elsewhere herein.

### RESERVED MEMBERSHIPS

All of the unissued memberships of all types and categories (including terminated memberships and any resigned memberships for which no Membership Deposit remains reimbursable by the Club) will be reserved by the Club at its sole discretion and any reserved memberships will not be considered to be available memberships in the Club. Without limitation, such unissued memberships may be reserved for sale with the Company's future real estate. The Club may not be compelled to sell a reserved membership. The Club may issue a reserved membership to any person whom the Club, at its sole discretion, determines appropriate from time to time, including persons who do not own a residence or homesite in Promontory.

### INITIAL PURCHASERS OF RESIDENCES OR HOMESITES IN PROMONTORY

Each initial purchaser of a residence or homesite in Promontory may at the time of his or her closing on the residence or homesite acquire a membership in the Club. If the purchaser fails to acquire a membership in the Club at the time of his or her closing on the residence or homesite, such purchaser will have no guarantee that a membership will be available for purchase at such future time that a membership is requested by the purchaser. The number of Social Memberships, Full Memberships and Equestrian Memberships is limited and available Social Memberships, Full Memberships and Equestrian Memberships (*e.g.*, from the Club's resigned membership list) will generally be issued on a first-come, first-served basis. Any initial purchaser who does not acquire a Social Membership, Full Membership or Equestrian Membership at the time of his or her closing on the residence or homesite may acquire a Social Membership, Full Membership or Equestrian Membership at a later date only if one is available and not otherwise reserved by the Club (*e.g.*, from the Club's resigned membership list) and only upon payment of the membership deposit which is in effect at the time the membership is acquired and in accordance with the current membership agreement then in effect (without regard to any deferral or sponsorship then being made available to new developer homesite purchasers).

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.

#### USE OF MEMBERSHIP PRIVILEGES PRIOR TO CLOSING OR NOTE PAYMENT

The Club may, at its sole discretion, allow the initial purchaser of a residence or homesite in Promontory 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 and may be required to authorize automatic credit card charges for this purpose. In the event that 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 this event, a membership will thereafter be made available to the person only in the discretion of the Club.

The Club may, at its sole discretion, allow a purchaser of a residence or homesite in Promontory who has promised to pay the membership deposit or a portion thereof by executing a promissory note for the benefit of The Promontory Club, to use the Club Facilities as a member prior to payment in full of such promissory note. The person will be required to pay such portion, if any, of the applicable membership deposit as may be due in cash in addition to the amount covered by the promissory note, dues, fees and other charges established by the Club from time to time and may be required to authorize automatic credit card charges for this purpose. In the event that a person has executed a promissory note for the membership deposit amount (or a portion thereof), and the person does not timely pay the deposit amount secured by the promissory note when due, the Club may immediately suspend and/or terminate the person's membership privileges without affecting the validity or enforceability of the payment obligation secured by the promissory note.

#### OWNERSHIP OF MULTIPLE RESIDENCES OR HOMESITES

If a person acquires two or more residences or homesites in Promontory, the purchaser should consider acquiring a Social Membership, Full Membership and/or Equestrian Membership for each residence or homesite for which Social Membership, Full Membership or Equestrian Membership privileges are desired. If the person does not acquire a Full Membership or Equestrian Membership for each residence or homesite at the time the homesite is initially purchased from the Company, the Club does not guarantee that a Full Membership or Equestrian Membership will be available for the residence or homesite at a later date. Except as may be otherwise required in connection with a promotional membership offer, an individual owner of a Promontory homesite who maintains an active membership of a particular type (*e.g.* Full or Equestrian) in good standing may, upon purchase of a second (or additional) homesite and additional membership(s) of the same type(s) from the Company, defer initial activation of the second (or additional) membership(s) obtained for the second or additional homesite for up to three years or for whatever shorter inactivation period the Club, at its sole discretion, should choose to allow, provided the second (or additional) homesite and membership(s) are owned in the same name as the members' original homesite and membership(s) and such original membership(s) is (are) maintained in good standing for the duration of such period. Any homesite owner who acquires and activates one or more memberships will be responsible

for the payment of monthly dues, fees and charges with respect to each membership (unless the Club at its sole discretion waives dues for a period of time) and will not be entitled to any special privileges for the ownership of more than one membership. If title to the multiple homesites is held in the name of a legal entity such as a corporation, partnership or trust each membership acquired with respect to any of such lots must be activated and maintained in the name of a designated member as specifically provided elsewhere in this Membership Plan.

Persons who acquire two or more contiguous lots but who construct only one residence may desire only one Social Membership, Full Membership or Equestrian Membership. If a Social Membership, Full Membership or Equestrian 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 Full Membership if the purchaser is to be permitted to use the Club Facilities as a Full Member and/or an Equestrian Membership if the purchaser is to be permitted to use the private equestrian facilities as an Equestrian Member. The purchaser of the contiguous lot will be able to acquire a Full Membership and/or an Equestrian Membership only if one is available and not reserved (*e.g.*, available from the Club's resigned membership list) and the purchaser has been approved for membership.

#### MULTIPLE OWNERS OF PROPERTY

In the event that a single residence or homesite in Promontory is owned by more than one person other than spouses, and the initial purchaser holds an active Full Membership in good standing, one additional owner may, if approved by the Club and in the Club's sole discretion, acquire a Full Membership or a Social Membership in order to use the Club Facilities as either a Full Member or a Social Member, on such terms and conditions as may be imposed by the Club. If the initial purchaser of the property holds only a Social Membership, the second co-owner of that homesite may only acquire a Social Membership (on the conditions that the initial purchaser's Social membership is in good standing and the second co-owner is approved for membership by the Club). Thus, it is possible for two joint-owners of a property to be Full Members or Social Members, or for the initial joint-owner of a property to be a Full Member and for the second joint-owner to be a Social Member and, in either event, for both to be Equestrian Members. Otherwise, any additional owner(s) may only use the Club Facilities as the guest of a member, subject to all rules governing guest use of each facility as may be established by the Club from time-to-time.

#### UPGRADE OF MEMBERSHIP

Social Members may upgrade to a Full Membership, at the sole discretion of the Club, only if Full Memberships are then available and not reserved (*e.g.*, available from the resigned list). In order to upgrade, the Social Member shall pay to the Club the difference between the membership deposit actually paid by the member for the Social Membership when he or she originally acquired the Social Membership and the full membership deposit then being charged for the Full Membership; provided, however, in every event, the upgrading member shall be required to pay, at a minimum, no less in cash than the outstanding membership deposit of the next resigned member on the Club's resigned list who is in line for reimbursement. The full membership deposit for Full Membership shall not be offset by the amount of any membership deposit sponsored or deferred by the Club for Social Membership or Full Membership either at the time the Social Membership was originally acquired or at the time of upgrade. In addition, a Full Member or Social Member may

acquire an Equestrian Membership, if available and not reserved, by paying the full membership deposit then being charged for Equestrian Membership, in addition to the membership deposit paid for the Full Membership or Social Membership. Because of the limited number of Full Memberships and Equestrian Memberships and the reservation of Full Memberships and Equestrian Memberships by the Club, a Social Member may not be able to upgrade to a Full Membership or Equestrian Membership due to a lack of availability.

#### WAITING LIST FOR MEMBERSHIP

If a person desires to acquire a Social Membership, Full Membership or Equestrian Membership and a Social Membership, Full Membership or Equestrian Membership is not available, the Club will establish a waiting list of those persons who have notified the Club in writing of their desire to purchase each category of membership. Resigned memberships that are not reissued to the subsequent purchaser of a resigned member's residence or homesite or not repurchased by the Club, as hereinafter provided, will be offered to persons on the waiting list for that category of membership in accordance with the following order of priorities:

First, to Social Members who desire to upgrade to Full Membership and Social Members and Full Members who desire to add an Equestrian Membership;

Second, to property owners in Promontory who are not members of the Club, conditional on approval for membership by the Club;

Third, to Invitational Members of the Club (if any, as hereinafter described); and

Fourth, to all other persons who desire a membership in the Club, conditional on approval of such persons for membership by the Club.

#### MEMBERSHIP MAY BE HELD IN THE NAME OF LEGAL ENTITY

For the convenience of members, a membership may be held in the name of a corporation, partnership, limited liability company, 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 designated individual or family may not be changed, except the entity may change the designated user to the designated user's spouse upon the death of the designated user, subject to approval by the Club of the spouse as a designated user. In addition, the entity may cause the re-designation, one-time, of the designated user's rights to an adult child, grandchild, or great grandchild of the original designated user, consistent with the one-time transfer rights enjoyed by a designated member who owns the membership in their own name (as provided hereinafter). In such event, a new 30-year period for refund of any Membership Deposit shall commence. The designated user must submit a Membership Agreement and will be subject to the approval of the Club. The designated user must be a bona fide director, officer, partner, shareholder, member 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.



## MEMBERSHIP DEPOSIT

### MEMBERSHIP DEPOSIT REQUIRED TO ACQUIRE A MEMBERSHIP

Each person who desires to acquire a membership in the Club will be required to pay a refundable membership deposit for the applicable category of membership as provided in the member's Membership Agreement. The amount of the required membership deposit for each category of membership will be determined by the Club from time to time, at its sole discretion.

### REFUND OF MEMBERSHIP DEPOSIT

The membership deposit actually paid by a member will be refunded, without interest, 30 years after the date the membership is issued by the Club to its present owner, subject to the further provisions of this Membership Plan and the Membership Agreement; provided, however, no refund shall be made if the membership has been converted to an equity membership.

If a member resigns a membership prior to the end of the 30-year period, any membership deposit actually paid by that member will be refunded, without interest, within 30 days after the reissuance of the resigned membership by the Club to a new member, in accordance with "Transfer of Membership to the Club" provision in this Membership Plan. The Club may charge a transfer fee in connection with the resignation and reissuance of a resigned membership. Effective August 1, 2018, all new memberships issued and all memberships reissued for any reason (including the resignation and reissuance of a membership to the resale buyer of Promontory property, a transfer to the member's spouse or an adult child, grandchild or great grandchild during the lifetime of the member, and/or reissuance due to the death of the member and subsequent one-time transfer to an eligible family member) shall be subject to a transfer fee (currently twenty-five percent (25%) as of August 1, 2018), assessable against the amount of any Membership Deposit paid for such membership that is sought to be transferred to a successor Member. The Club retains the right to adjust the transfer fee amount from time to time, in its sole discretion by amendment to the Membership Plan and Schedule of Fees, Dues, and Charges.

The Club's obligation to the member shall be evidenced by the Membership Agreement. Upon the reissuance of a resigned or transferred membership to a new member, a new 30-year period for repayment of the membership deposit begins on the date the new membership is issued. The difference between the amount paid by the new member and the amount refunded to the resigning member will be retained by the Club.

Legacy Members will not be entitled to any refund upon expiration of 30 years from the date of membership issue or upon resignation of their Legacy Membership.

### MEMBER MAY CONTINUE MEMBERSHIP AT END OF 30 YEARS

A member who continues to be a member for 30 years may elect to continue his or her membership at the end of the 30-year period until the member subsequently resigns from the Club by paying the applicable membership dues, fees and charges and otherwise satisfies the Club's requirements to be eligible for membership. Any member who elects to continue his or her membership at the end of the 30-year period after receiving a refund of

their membership deposit will not be counted toward any cap or limit on the total number of members or the number of members in the category in question and will not be entitled to any further refund upon subsequent death or resignation and the Club's resale of the membership.

#### DEDUCTION OF AMOUNTS OWED TO CLUB

The Club will deduct from the amount to be refunded to the member any dues, Club charges, late fees, transfer fees and other amounts which the member owes the Club.

#### COMPLETION OF CLUB FACILITIES - USE OF MEMBERSHIP DEPOSITS

Membership deposits will initially be used by the Club for completion of the Club Facilities, and thereafter for such other purposes as the Club shall see fit.

#### TAX CONSEQUENCES OF ACQUIRING A 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 or refunded by 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 TO THE CLUB

A member may transfer his or her membership only by resigning the membership to the Club and arranging for the Club to reissue the membership. Should a member desire to resign from the Club, the member shall be required to give 30 days prior written notice to the Club and the resigning member's obligation to pay dues will continue until the earlier of six months from the effective date of the resignation or the Club's reissuance of the resigned membership. Resignation of a member is irrevocable, unless determined otherwise by the Club at its sole discretion.

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

A member who resigns from the Club upon the sale of his or her residence or homesite in Promontory may arrange for the Club to reissue his or her membership to the subsequent purchaser of the residence or homesite regardless of whether all of the memberships in that category have been issued and regardless of whether there are any resigned memberships on the waiting list, upon payment of any applicable transfer fee. The subsequent purchaser desiring the resigned membership will be required to submit a Membership Agreement, will be subject to the approval of the Club and will be required to pay the membership deposit which is then in effect.

In the case where a Founder or Charter Member sells his or her residence or homesite in Promontory, the Club will issue a Full Membership or Social Membership, as applicable, to a subsequent purchaser of the lot who has been approved for membership and who pays the

required membership deposit, upon collection of any transfer fee provided for in the resigning member's Membership Agreement from the resigning member. The subsequent purchaser will not have Founder or Charter Member benefits in the Club.

In the event that the subsequent purchaser of a member's residence or homesite in Promontory 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) receive the amount of the membership deposit paid by the subsequent purchaser of his or her residence or homesite, reduced by dues, Club charges, fees (including, without limitation any transfer fee provided for in the resigning member's Membership Agreement) and other amounts owing by the member to the Club, in complete satisfaction of the obligation to repay the balance of the membership deposit.

#### TRANSFER THROUGH WAITING LIST

A resigned membership for which a membership deposit has been paid and still has a balance refundable to the resigned member on re-issue (after deduction of all outstanding fees (including without limitation any transfer fee provided for in the resigning member's Membership Agreement), dues and other charges owed to the Club by the resigned member) will be placed on a waiting list (the Club's "Resigned Membership List") for that category of membership and will be reissued on a first-resigned, first-reissued basis as follows, unless the member arranges for the subsequent purchaser of his or her residence or homesite in Promontory to acquire his or her membership.

Prior to the initial sale of all memberships within a membership category, at a minimum, every fourth membership issued in that category (one in four) will be a resigned 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. This procedure allows the reissuance of resigned memberships prior to the issuance of all memberships in the Club. Fully sponsored memberships issued by the Club for which no payment of Membership Deposit is received will not count against the one-in-four formula until such memberships are re-issued to a subsequent member who pays consideration to the Club in the form of a Membership Deposit.

After the initial sale of all memberships within a membership category, each membership sold in that category will be a resigned membership from the waiting list.

There is no guarantee that a membership will ever be reissued or reissued within a specified time period, because reissuance is dependent upon a variety of factors, including another person desiring the membership and the Club's approval of the prospective member.

#### TRANSFER TO NEW PROPERTY WITHIN PROMONTORY

If a member who is a property owner in Promontory purchases another residence or homesite from the Company or its designees in Promontory, the membership(s) owned by that member can be transferred to the new residence or homesite without the need to resign the membership and to purchase a new one. A transfer fee may be applicable if provided for in the Membership Agreement associated with the membership being

transferred. Additionally, the purchaser of the member's original property in Promontory can then acquire a Social Membership, Full Membership or Equestrian Membership by paying the applicable then-current membership deposit(s) to the Club in connection with such purchase, provided such memberships are available from the Club's resigned list and the purchaser is approved for membership.

#### IF A MEMBER SELLS RESIDENCE OR HOMESITE

If a member sells his or her residence or homesite in Promontory and does not resign from the Club or acquire another residence or homesite in Promontory, the Club may recall any or all membership(s) in question at any time at the sole discretion of the Club. If a membership is recalled, the member will be entitled to a refund of the membership deposit paid to join the Club with respect to the recalled category of membership without interest, within 30 days after the membership is recalled, reduced by dues, Club charges, fees and other amounts then-owing by the Member to the Club. Notwithstanding the foregoing, the membership shall be automatically resigned twelve months after the date the residence or homesite is sold if the member does not acquire another residence or homesite in Promontory. Any recalled membership will be added to the Club's reserved memberships, subject to reissue by the Club at its sole discretion.

#### LEGAL SEPARATION OR DIVORCE

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, at its sole discretion, not to transfer the membership to either spouse if the Club, at 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 and will be placed on the resigned membership waiting list to be reissued. Upon reissuance of the membership, the appropriate refund, reduced by dues, Club charges, fees (including, without limitation, any transfer fee provided for in the Membership Agreement) and other amounts owing by the Member to the Club, shall be paid to the member awarded the membership by the agreement of separation or decree of divorce.

#### TRANSFER TO ADULT IMMEDIATE FAMILY MEMBER OR EXTENDED FAMILY MEMBER DURING LIFETIME OF THE MEMBER

A member can request the transfer of his or her membership to an adult immediate family member or extended family member (as such terms are used in this Membership Plan with respect to Family Privileges and Extended Family Privileges) who is approved for membership in the Club without the payment of any additional membership deposit. This right can be only exercised once with respect to each membership. The adult immediate family member or extended family member to whom a membership is to be transferred under this provision must own property in Promontory. In order to effectuate a transfer to an adult immediate family member or extended family member, the original member shall

resign the membership and the Club shall pay to the original member any membership deposit previously paid by the original member for the membership, less any applicable transfer fee specified in the member's Membership Agreement. The adult immediate family member or extended family member will then purchase the membership from the Club at the same membership deposit which was previously paid by the original member. A new 30-year period for the refund of the membership deposit shall commence for the adult immediate family member or extended family member. The transfer of the membership to such adult immediate family member or extended family member shall not be subject to the Club's resigned members' waiting list or buyers' waiting list. In the case of a transfer by a Founder or Charter Member under this provision, the adult immediate family member or extended family member shall be entitled to the same membership benefits as the transferring original member.

#### FAILURE OF EQUESTRIAN MEMBER TO MAINTAIN UNDERLYING MEMBERSHIP

The Equestrian Membership of any Member who fails to maintain his or her Full Membership or Social Membership in good standing shall be deemed resigned and placed on the waiting list for reissuance. An Equestrian Member who resigns his or her Full Membership or Social Membership must also resign the Equestrian Membership at the same time. Since there will be a separate resigned Equestrian Membership waiting list, it is likely that either the Equestrian Membership or the underlying membership will be reissued before the other membership, unless the resigned member arranges for a subsequent property purchaser to acquire both the underlying membership and the Equestrian Membership.

#### TRANSFER OF MEMBERSHIP UPON THE DEATH OF A MEMBER

Upon the death of a member, the surviving spouse, if any, may elect to: (i) continue the membership privileges without having to pay any additional membership deposit; (ii) resign the membership; or (iii) one time per membership, and subject to any transfer fee provided for in the member's Membership Agreement, designate one adult immediate family member or extended family member who owns property at Promontory to acquire the membership, subject to the approval of such adult immediate family member or extended family member for membership in the Club, by giving written notice to the Club within 60 days after the death of the member. Upon such notice, the Club shall pay to the surviving spouse any membership deposit previously paid by the original member for the membership, less any applicable transfer fee specified in the members Membership Agreement. The designated adult immediate family member or extended family member will then purchase the membership from the Club at the same membership deposit which was previously paid by the original member. Failure of the surviving spouse to elect one of said alternatives within the prescribed time period shall be deemed an election to continue the membership privileges. If there is no surviving spouse, and the deceased member has not designated one adult immediate family member or extended family member as the beneficiary of the membership, the executor or administrator of the estate of the member may designate one adult immediate family member or extended family member who owns property at Promontory to acquire the membership, subject to the approval of the Club. In the event that there is no surviving spouse, or the surviving spouse does not desire to continue the membership privileges, and there is no qualifying adult immediate family member or extended family member owning property at Promontory who wants to continue membership privileges or who is approved for membership in the Club, the

membership will be deemed resigned and will be reissued by the Club on the same basis as any other resigned membership, whereupon any membership deposit paid for the membership by the deceased member will be refunded to the estate of the deceased member, reduced by dues, Club charges, fees (including, without limitation, any transfer fee provided for in the Membership Agreement) and other amounts owing by the Member to the Club. Any spouse, or adult immediate family member or extended family member to whom a membership is to be transferred under this provision must own property in Promontory.

Only one transfer of the membership to an adult immediate family member or extended family member shall be permitted. In order to effectuate a transfer to an adult immediate family member or extended family member, the member's estate or surviving spouse, as the case may be, shall resign the membership and the Club shall repay the deceased member's estate the membership deposit previously paid by the deceased member, less any transfer fee provided for in the deceased member's Membership Agreement. The deceased member's adult immediate family member or extended family member will then repurchase the deceased member's membership from the Club at the amount of the membership deposit previously paid by the resigned member. A new 30-year period for the refund of the membership deposit shall commence for the adult immediate family member or extended family member. The transfer of the membership to an adult immediate family member or extended family member shall not be subject to the Club's resigned member's waiting list or buyer's waiting list.

In the case of a transfer by a Founder or Charter Member under this provision, the spouse, adult immediate family member or extended family member shall be entitled to the same membership benefits as the transferring member.

#### THE CLUB MAY REPURCHASE MEMBERSHIPS

The Club may, at its sole and absolute discretion, but is not obligated to, repurchase a resigned membership which is not being transferred to the subsequent real property purchaser from the resigning member in Promontory on any terms which are mutually agreeable to the Club and the resigned member. Any membership so repurchased shall be added to the Club's reserved memberships.

### 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 with respect to each category of membership. Members must pay all of the dues applicable to the categories of membership they hold. For example, a Social Member must pay Social dues; a Full Member must pay the Full dues; and similarly, an Equestrian Member who is a Social Member must pay both Social Dues and Equestrian Dues, and a Full Member who is also an Equestrian Member must pay Full dues and Equestrian dues. Dues and the Asset Maintenance Fee shall be payable on a monthly basis (automatic credit-card billing may be required, in the Club's discretion) on or before the first day of each month, 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, transfer fees and other charges is subject to change from time to time

by the Club. Transfer fees applicable to each membership shall be as provided in the individual Membership Agreement.

#### NO ASSESSMENTS AGAINST NON-EQUITY MEMBERS

Members will pay membership dues, fees and other charges established from time to time by the Club. Until such time as the conversion to an equity, member-owned club occurs, 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 in the non-equity club. Prior to equity conversion, 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.

#### MEMBERSHIP YEAR OF THE CLUB

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, at its sole discretion.

#### PAYMENT OF DUES BY A RESIGNED MEMBER

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) six months from the effective date of the resignation. 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 suspend the resigned member's use privileges and move the member's resigned membership to the bottom of the reissuance waiting list until such amounts have been paid in full. The Club shall have the right, but not the obligation, to deduct any amounts owed (including, without limitation, dues, fees, charges and transfer fees) from the refund otherwise due the resigned member upon the Club's reissuance of the resigned membership.

#### PRORATED DUES AND FEES UPON REISSUANCE OF MEMBERSHIP

If a 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.

#### ACKNOWLEDGMENT OF MEMBERSHIP RIGHTS

#### MEMBERS' ACKNOWLEDGMENT

Membership in the Club permits the member and/or person granted interim use privileges under the terms of this Membership Plan to use the Club Facilities in accordance with this Membership Plan and the Rules and Regulations of the Club and all other written policies of the Club then in effect, as the same may be amended from time to time with respect to each category of membership. Membership in the Club or use of Club Facilities is not an investment in the Company or the Club Facilities and does not give a member and/or a

person granted interim use privileges by the Club a vested or prescriptive right or easement to use the Club Facilities. Membership in the Club does not provide a member and/or any person with use privileges under a membership with an equity or ownership interest or any other property interest in the Company or the Club Facilities. A member and/or person granted use privileges by the Club only acquires a revocable license to use the Club Facilities in accordance with the terms and conditions of this Membership Plan and the Rules and Regulations, as the same may be amended from time to time, and the Membership Agreement. 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, deed of trust or other financing encumbering the Club Facilities from time to time.

The Club reserves the right, at its sole discretion, to modify this Membership Plan and the Rules and Regulations, to reserve memberships, to reduce the 30-year repayment term of the membership deposits paid by members, 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 recall any membership and/or any use privileges which may have been granted to a person by the Club at any time for any or no reason whatsoever (including the nonpayment of a promissory note for a membership deposit or portion thereof, which note, if applicable, has been previously executed by the note maker for the benefit of the Promontory Club), to convert the Club into a membership-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 and/or those who may have been granted use privileges by the Club from time to time, at its sole discretion. In the event of recall of a membership or of use privileges, as applicable, the Club will refund the membership deposit actually paid in cash, without interest, reduced by dues, Club charges, fees and other amounts owing by the Member to the Club, to the affected member within 30 days.

In the event that the Club Facilities are sold and the buyer assumes liability for the repayment of the appropriate membership deposit as provided in the Membership Agreement, the member and/or person granted use privileges by the Club shall look solely to the new owner for repayment of the membership deposit and the seller of the Club Facilities shall be released from all liability for the repayment thereof. In the event of a sale of the Club Facilities, the buyer shall take title subject to the terms and provisions of the then existing Membership Plan.

#### MEMBERSHIP MAY NOT BE PLEDGED

A member and/or any person granted use privileges by the Club may not (and shall not have the right to) encumber, pledge or hypothecate its membership except with the prior written consent of the Club, and then only to the extent the lien or security interest is incurred as a result of obtaining the membership privileges.



## MEMBERSHIP PROCESS

### APPLICATION PROCEDURE

Each person who desires to become a member must mail or deliver to the Membership Office a fully completed and signed Membership Agreement, along with a check for the required membership deposit.

### REVIEW OF MEMBERSHIP AGREEMENT

All applicants desiring a membership must be approved by the Club. The Club may require an interview with the Membership Director, and/or other Club representatives, as determined by the Club, at its sole discretion. After receiving the Membership Agreement, the Club will determine whether the applicant has satisfied the relevant conditions of membership. In the event that the Membership Agreement is not acted upon favorably, the applicant will receive a refund of any amount previously paid, without interest.

### RIGHTS OF MEMBERS GOVERNED ONLY BY MEMBERSHIP PLAN

If approved for membership in the Club, the member agrees to be bound by the terms and conditions of this Membership Plan and the Rules and Regulations of the Club, and any other written Club policies in effect, all of which may be amended from time to time, at the sole discretion of the Club, and irrevocably agrees to fully substitute the membership privileges acquired pursuant to this Membership Plan and the Rules and Regulations, and any other written Club policies in effect (all of which may be amended from time to time, at the sole discretion of the Club) for any present or prior rights of use pertaining to the Club Facilities.

## OTHER MEMBERSHIPS AND USE PRIVILEGES

### FOUNDER MEMBERS

Certain persons designated by the Company who acquire Full Memberships in the Club prior to the commencement of real estate sales at Promontory will be known and recognized as "Founder Members". Founder Members will be entitled to such special benefits as may be determined by the Company at its sole discretion. The maximum number of Founder Members shall be 100.

### CHARTER MEMBERS

Certain persons designated by the Company who acquire Full or Social Memberships in the Club and are among the first real estate purchasers at Promontory will be known and recognized as "Charter Members." Charter Members will be entitled to such special benefits as may be determined by the Company at its sole discretion. The maximum number of Charter Members shall be 150.

### LEGACY MEMBERSHIP

Founder Members who purchase a specially designated "Legacy Homesite" property in Promontory and maintain a Full Membership in good standing for at least five years from

the date of closing on their property in Promontory may, upon sale of their Promontory property, resign their Full Membership and obtain a Legacy Membership in the Club upon the payment of a one-time activation fee as provided in their Membership Agreement. Legacy Members will pay the same dues and will be entitled to the same use privileges as Full Members, except that Legacy Members will not be entitled to sponsor unaccompanied guests or extended family. Legacy Members will not count against the limit on the number of Full Memberships which may be activated in the Club. The Legacy Membership may be transferred one time to a surviving spouse or lineal descendent in the case of a death of a Legacy Member. Except as provided above, Legacy Memberships are non-transferable.

#### INVITATIONAL GOLF MEMBERSHIPS

In order to introduce the Club to prospective members, the Club may, at its sole discretion, offer a category of Full Memberships on a recallable basis ("Invitational Full Memberships"). Invitational Full Members will be entitled to use the Club Facilities on such terms and conditions as determined by the Club from time to time at its sole discretion. Invitational Full Memberships will not be available to persons who own a residence or homesite in Promontory. The total number of Invitational Full Memberships permitted to be issued will be limited to the difference between the maximum number of Full Memberships that can be issued and the number of outstanding activated Full Memberships at the beginning of any membership year. Invitational Full Memberships will be recalled, at the sole discretion of the Club, upon 90-days' prior notice, on a last-issued, first-recalled basis. Upon recall, Invitational Full Members who paid a membership deposit will be entitled to a refund of the amount of the membership deposit paid for the membership.

#### INVITATIONAL EQUESTRIAN MEMBERSHIPS

In order to introduce the Club to prospective members, the Club may, at its sole discretion, offer a category of Equestrian Memberships on a recallable basis ("Invitational Equestrian Memberships") to individuals who are not owners of residences or homesites in Promontory. Invitational Equestrian Members will be entitled to use the private equestrian facilities on such terms and conditions as determined by the Club from time to time at its sole discretion. Such Invitational Equestrian Members shall not be entitled to use any other Club Facilities unless they are also members under another membership category which allows them such use privileges (invitational memberships may or may not be available in other membership categories in the Club's sole discretion). Invitational Equestrian Memberships will not be available to persons who own a residence or homesite in Promontory. The total number of Invitational Equestrian Memberships permitted to be issued will be limited to the difference between the maximum number of Equestrian Memberships that can be issued and the number of outstanding activated Equestrian Memberships. Invitational Equestrian Memberships may be recalled, at the sole discretion of the Club, upon 60-days' prior notice, on a last-issued, first-recalled basis. Upon recall, Invitational Equestrian Members who paid a membership deposit will be entitled to a refund of the amount of the membership deposit paid for the membership. Otherwise, Invitational Equestrian Members who choose to resign shall be entitled to a refund of their membership deposit in the same manner and procedure as regular Equestrian Members.

## COMPANY MEMBERSHIPS

The Club may issue up to ten Company Memberships per golf course. Company Memberships will be issued to persons designated by the Company at its sole discretion from time to time. These memberships will be available on such terms and conditions as determined by the Company at its sole discretion and will be in addition to the number of memberships permitted to be issued in the Club from time to time. Company Members shall be permitted to use the Club Facilities on the same basis as Full Members. Company Members will not pay a membership deposit or other membership fee, dues or greens fees for their use of the golf facilities, but shall be required to pay cart fees and all other fees and charges incurred at the Club. After a conversion to an equity, member-owned club, Company Memberships will continue in full force and effect and the terms of a Company Membership cannot be changed by the equity club without the written consent of all Company Members. Company Memberships will not be assignable or transferable by the Company Members and will terminate and be surrendered to the Company for reissuance by the Company to other Company-designees upon receipt of written notice from the Company.

## HONORARY MEMBERSHIPS

The Club may issue up to 20 Honorary Memberships in the Club to such persons as the Club determines at its sole discretion appropriate from time to time. These Honorary Memberships will be in addition to all other memberships and will be available on such terms and conditions and afford such privileges as the Club may determine at its sole discretion.

## RESORT GUESTS

The Club may permit guests staying at hospitality accommodations developed at Promontory to use the Club Facilities on such terms and conditions as the Club determines at its sole discretion from time to time.

## RENTAL GUESTS

The Club may permit rental guests staying in members' residences to use the Club Facilities on such terms and conditions as the Club determines at its sole discretion appropriate from time to time. The Club may establish different (*i.e.*, preferential) rules, terms and conditions for use of the Club Facilities by rental guests staying in members' residences that are managed by the Club through its rental program. The Club reserves the right to limit or eliminate access of some or all rental guests to the Club Facilities as it deems appropriate at its sole discretion from time to time. See the Club Rules and Regulations for more information.

## UNACCOMPANIED GUESTS OF THE CLUB

Pursuant to an arrangement with Summit County (the "County"), the general public will be permitted to use certain golf facilities of the Club as unaccompanied guests of the Club on a limited daily fee basis. The general public is entitled to no less than a minimum of 32 rounds per day on one of the first two golf courses, as determined by the Club at its sole discretion, and shall have the same advance sign-up privileges as members with respect to

the 32 rounds. The Club may designate one of the two courses for a specified period of time from daily to yearly or longer as a members-only course so that there will be no daily fee play on one of the courses on any given day.

#### PROMOTIONAL USE, TOURNAMENT PLAY AND OTHER USERS

The Club will have the right to designate other persons who will not count toward membership limits, including, without limitation, officers, directors, partners, shareholders, members, 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 at its sole discretion. The Club will also have the right to permit prospective purchasers of residences or homesites in Promontory or memberships in the Club to use the Club Facilities on such terms and conditions as may be determined from time to time by the Club at its sole discretion. The Club reserves the right, at its sole and absolute discretion, to restrict or to otherwise reserve in advance the Club Facilities for maintenance, and for tournament or group play, outings and other special events, from time to time.

#### CLUB OPERATIONS

##### MANAGEMENT, CONTROL AND OPERATION OF THE CLUB

The Company owns the Club Facilities and will manage and operate the Club Facilities. As a result, the Company is solely responsible for the governance 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. In the event that the Club is converted to an equity, member-owned club, the Company will continue to control and manage the Club Facilities until turnover of control to the equity members. Turnover of control will occur on the "Turnover Date", as further described herein.

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

##### BOARD OF GOVERNORS

The Club has established an advisory Board of Governors composed of members whose purpose includes fostering good relations between the members and management of the Club, providing the members with input on programs, plans and activities of the Club, and advising on the Club's policies and rules and regulations. The members of the advisory Board of Governors are appointed by the Club for specified terms. The management of the Club shall meet with the advisory Board of Governors on a periodic basis to discuss the operation of the Club Facilities. The advisory 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, terms of use and the members of the Club.

## CLUB COMMITTEES

The Club has established a Golf, Tennis, Food and Beverage, Equestrian, Kid's Cabin and a Social/Facilities Committee, and may from time to time, at its sole discretion, eliminate any of these committees or establish new categories of 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. 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 AN EQUITY MEMBER-OWNED CLUB

### POSSIBLE EQUITY CONVERSION

The Company may, at its sole discretion, determine to convert the Club to an equity member-owned Club at any time after December 31, 2010 subject to the following provisions. However, upon the issuance and continued existence in good standing of 90% of the maximum number of Full Memberships permitted to be issued in the Club (based on committed golf courses), the members will be entitled to vote on whether the Club should be converted as provided below. Upon the Company's determination to convert after 2010 or upon the issuance and continued existence in good standing of 90% of the maximum number of Full Memberships which can be issued in the Club, whichever is the sooner to occur, the members will vote on the conversion at a special meeting of the members. If a majority of the eligible votes of the members are voted in favor of conversion, the Club will be converted to an equity club. In such a vote, Founder, Charter and Full Members will be entitled to three votes per membership and Social Members will be entitled to one vote per membership. Any member of these aforementioned categories of membership who is also an Equestrian Member shall have one additional vote by virtue of such Equestrian Membership. No member who is delinquent in dues, Club charges, fees or other amounts shall be entitled to vote on whether the Club shall be converted to an equity member-owned club. In addition, in the event that a vote is held as a result of a call of the members (based upon the initial issuance and continued existence in good standing of ninety percent (90%) of the maximum number of Full Memberships permitted to be issued in the Club) and the members vote against conversion to an equity member-owned club, the members may not then require a vote on the conversion to an equity member-owned Club for a two (2) year period. The provisions of the immediately preceding sentence shall not limit the right of the Company, at its sole discretion, to determine to convert the Club to an equity member-owned club at any time after December 31, 2010. The Company reserves the right at its sole discretion, to structure the equity conversion so that Equestrian Members vote on having an equity member-owned Equestrian Club separate from the rest of the Club; although this option is not currently contemplated.

Equity membership shall constitute an ownership interest in a not-for-profit corporation to which the Club Facilities will be conveyed. As of Turnover (as described below), all unissued equity memberships (including those which correspond to non-equity memberships whose owners choose not to convert and those which correspond to authorized but unissued non-equity memberships) shall continue to be owned by the Company and the Company shall be entitled to all proceeds from their initial sale to new equity members. No transfer fee shall be payable on the initial sale of an equity membership by the Company.

## GUARANTEED AVAILABILITY OF AN EQUITY MEMBERSHIP

If and when the Club is converted to an equity, member-owned club, existing members in good standing who desire to convert will be guaranteed the availability of 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

Members who choose not to convert to equity membership may continue their membership privileges as non-equity members, but their memberships are subject to recall on a last-in, first-recalled basis in order to issue an equity membership without exceeding the limit on the number of memberships in the equity club or due to reduced membership limits. The recalled member will be entitled to a refund of the membership deposit paid within 30 days of the effective date of the recall. If the subsequent purchaser of a resigned non-equity member's residence or homesite in Promontory desires membership privileges in the equity club, the subsequent purchaser must acquire an equity membership and will be guaranteed the availability of an equity membership in the same category of membership as the non-equity member for a period of 30 days after the date of the resignation. This guarantee of availability is expressly conditioned on the resigned member having maintained their membership in good standing through the date of the proposed issuance of the equity membership. The subsequent purchaser must be approved for membership and must pay the required membership contribution for the equity membership. In the case of the death of a non-equity member, if there is no surviving spouse or the surviving spouse does not desire to continue the membership privileges and if the membership will not be transferred to an adult immediate family member or extended family member who owns property in Promontory, the membership will be deemed resigned.

If the non-equity member wants to acquire an equity membership at a later date, the member may acquire an equity membership only if one is then available from the Club or from the Company by paying the then current membership contribution.

## RESIGNED, TERMINATED, INACTIVE OR SUSPENDED MEMBERSHIPS DO NOT COUNT TOWARD EQUITY CONVERSION THRESHOLD

Resigned, terminated, inactive or suspended memberships shall not count against the 90 percent membership threshold required for member initiation of the Club's conversion to equity.

## GUARANTEED EQUITY MEMBERSHIP CONTRIBUTION

The amount of the equity conversion contribution to be paid by a member for an equity membership in the corresponding category of membership is determined when the member executes and delivers the Membership Agreement. The amount of the equity conversion contribution will be guaranteed, provided the member acquires an equity membership during the initial offering period referred to above. The required equity conversion contribution will be set forth in the member's Membership Agreement.

## EQUITY MEMBERSHIP PLAN DOCUMENTS

Equity memberships will be offered in accordance with an Equity Membership Plan and related documents ("Equity Membership Documents"). The Equity Membership Plan and related 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 "Transfer upon Sale of Residence or Homesite", "Transfer Through Waiting List", "Invitational Full Memberships", "Invitational Equestrian Memberships", "Company Memberships", "Honorary Memberships", "Resort Guests", "Unaccompanied Guests of the Club", "Promotional Use, Tournament Play and Other Users" provisions of this Membership Plan, as well as relevant provisions from this "Conversion to an Equity Member-Owned Club" section. The Equity Membership Documents are anticipated to give Equestrian Members voting rights with respect to certain matters related to the Equestrian Facilities and for dues payable by Equestrian Members to be based on a separate budget for the Equestrian Members.

## TRANSFER OF CLUB FACILITIES AT CONVERSION

The Equity Membership Documents shall provide that the Company shall cause all Club Facilities listed in the "Club Facilities" section of this Membership Plan, plus the private equestrian facilities, 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 then present as-is, where-is condition. The primary consideration for the transfer of the Club Facilities to the equity club will be the proceeds from the initial issuance of all equity memberships permitted to be issued and the reservation of rights described above. In the event that the Company determines to allow the Equestrian Members to vote to have a separate equity Equestrian Club and an equity conversion of the separate Equestrian Club is consummated, the Equestrian Facilities would be transferred to a separate not-for-profit corporation.

The Company shall be responsible for operating deficits and shall be entitled to retain all operating profits until the Turnover Date (as hereinafter defined). The Company shall have no obligation to fund reserves for replacements, repairs or upgrades which may be necessary following the Turnover Date or to fund operating deficits that may be incurred by the members following the Turnover Date.

## GOVERNANCE OF EQUITY CLUB

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 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 60 days after the earlier of: (i) (A) the initial sale of all of the equity memberships held by the Company or (B) the initial sale by the Company of all the

residences or homesites now or hereafter included within Promontory to retail purchasers, whichever is later to occur, or (ii) a date certain to be specified by the Company in the Equity Membership Documents, or (iii) any earlier date determined by the Company at its sole discretion, provided the equity 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.

#### INSPECTION PRIOR TO TURNOVER

Immediately prior to the date for turnover of the equity club to the members, an inspection will be conducted to determine whether the club's facilities are in good working order, ordinary wear and tear excepted. The inspectors will be selected at the sole discretion of the Company and will be independent inspectors, architects or engineers licensed by the State of Utah. 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 in an expeditious fashion.

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

#### REFUND OF MEMBERSHIP DEPOSIT

The conversion of the Club to an equity, member-owned club would change the Club's obligation to refund any non-equity membership deposit. Those members who would choose to remain as non-equity members would have any membership deposit they paid to acquire their non-equity membership refunded at the earlier of (i) within 30 days after resignation by the member and sale of a new equity membership (versus reissuance of the resigned membership as provided hereinabove), on a first-resigned, first-refunded basis or (ii) 30 years after the date membership was issued by the Club. The Company and not the equity club, will retain the obligation to repay resigned non-equity members their membership deposits in accordance with this Membership Plan and to refund non-equity members their membership deposits 30 years after.

With respect to those members who convert to equity membership by payment of an equity conversion contribution, the amount to be refunded by the Equity Club upon resignation and reissuance of the equity membership would be the greater of (i) eighty-percent (80%) of the then current equity membership contribution or (ii) the amount paid for the equity membership (including the credit for any initial non-equity membership deposit previously paid), but not to exceed an amount equal to the then current membership contribution less, in either case, any portion of the initial membership deposit which was sponsored or otherwise "waived" by the Club.

#### EFFECTIVENESS OF EQUITY PLAN

In the event that following the initial offering period less than fifty-percent (50%) of the existing members have converted to equity memberships, the Company, at its sole discretion, may rescind the equity conversion and terminate the equity membership plan. In this event, the Company would be able to sell the Club Facilities to a third party without first making an offer to sell the Club Facilities to the members as provided below in the Section entitled "General Provisions". The conversion payments shall be held in escrow



until the Company determines whether the equity conversion is effective. Upon such rescission and termination, prospective equity members will be entitled to a refund of the amount they paid in respect of the purchase of an equity membership. In the case of existing members, the refund shall be of the additional amount, over and above the membership deposit, paid for the equity membership. Existing members who desired to convert their membership to equity shall continue as non-equity members under this Membership Plan and the Rules and Regulations and written Club policies as they then exist and, as they may be amended from time to time.

## GENERAL PROVISIONS

### MEMBER PROTECTIONS IF COMPANY DESIRES TO SELL CLUB FACILITIES

If the Company desires to sell the Club Facilities or the private equestrian facilities, the Company shall present the members with written notice of the offer to sell, including the proposed terms of a sales transaction of the Club Facilities. Upon presentation of the offer, the Board of Governors shall form an acquisition committee composed of members of the Club to pursue a possible sales transaction with the Company. The Company and the acquisition committee shall then enter into negotiations to reach agreement on the terms of the sale of the Club Facilities to the members. The members shall have a period of 90 days from presentation of the offer to accept the offer by a majority vote of the membership. No member who is delinquent in dues, Club charges, fees or other amounts shall be entitled to vote on whether the members shall accept any such offer. The written offer may, in the discretion of the Company, include an offer to sell the Equestrian Facilities only to the Equestrian Members.

A vote of the members contemplated above shall be held at a special meeting of the members called for such purpose. Members can vote either in person or by proxy. Written notice of the meeting must be given to each member by prepaid U.S. certified mail, return receipt requested, at the last address shown on the Club's records. The acquisition committee shall have the authority to call the special meeting.

In the event that the members elect not to accept the offer, or if a transaction with the members is agreed upon but not ultimately consummated within the agreed upon time frame, then the Company shall thereafter be free to sell the Club Facilities or the private equestrian facilities to any other party upon any terms and conditions deemed acceptable to the Company at its sole and absolute discretion. Notwithstanding the foregoing, in the case where the members elect not to accept the offer, the purchase price in a sales transaction with another party must be at least equal to that presented to the members should the sale occur within two years thereafter. A purchaser of the Club Facilities shall acquire title subject to the terms and provisions of the Membership Plan then existing, however, neither the purchaser of the Club Facilities nor any successor owner will be subject to the terms contained in this section. If the Club Facilities are not sold within two years after the Company was free to sell the same based on an inability to negotiate a sale transaction, the members will again be entitled to receive an offer to sell the Club Facilities from the Company as herein provided.

The foregoing provisions shall not apply to the sale of any or all of the Club Facilities to an affiliated entity or through an equity conversion and shall not apply to transfers in foreclosure or bankruptcy.

MEMBERSHIP OFFICE AVAILABLE TO ANSWER INQUIRIES

Should you have any questions concerning this Membership Plan or the membership opportunities available at the Club, please contact the Promontory Club Membership Office.

