

Exhibit 2

NEW CLUBCO MEMBERSHIP PLAN



THE CLIFFS CLUBS
MASTER MEMBERSHIP PLAN

EFFECTIVE DATE: _____, 2012

THE CLIFFS CLUBS

MASTER MEMBERSHIP PLAN

PROLOGUE

PURPOSE OF THIS MEMBERSHIP PLAN

This Master Membership Plan for the Cliffs Clubs detailed herein (the "Membership Plan"), the applicable rules and regulations of the Cliffs Clubs from time to time adopted by the Club Operator (the "Rules and Regulations"), and the applicable Application and Membership Agreement (the "Application and Membership Agreement"), and together with the Membership Plan and the Rules and Regulations being collectively referred to herein as the "Membership Documents"), together offer persons ("Property Owners") who own property ("Property") in the Cliffs at Glassy, Cliffs Valley, Cliffs Valley North, Cliffs at Keowee Falls North, Cliffs at Keowee Vineyards, Cliffs at Keowee Falls South, Cliffs at Walnut Cove, Cliffs at Keowee Springs, Cliffs at Mountain Park and Cliffs at High Carolina (sometimes hereinafter referred to, individually, as a "Cliffs Community" and, collectively, as the "Cliffs Communities") and others, as determined by the Club Operator, an opportunity to obtain membership privileges at one or more of the golf and country club facilities operated under the banner, "Cliffs Clubs."

The Cliffs at Glassy Golf & Country Club, The Cliffs Valley Golf & Country Club, The Cliffs at Keowee Vineyards Golf & Country Club, The Cliffs at Walnut Cove Golf & Country Club, The Cliffs at Mountain Park Golf & Country Club, The Cliffs at Keowee Falls Golf & Country Club, and The Cliffs at Keowee Springs Golf & Country Club are sometimes hereinafter referred to, individually, as a "Cliffs Club" and, collectively, as the "Cliffs Clubs". The Cliffs Clubs will initially be operated by Cliffs Club Partners, LLC, a Delaware limited liability company ("Cliffs Club Partners"), or one or more of its affiliates (together, the "Club Operator") for the use and benefit of the Members of the Cliffs Clubs and any others accorded use and access privileges at the Cliffs Clubs. When used herein, the term "Home Club" with respect to a Member who owns only one (1) Property in the Cliffs Communities refers to the Cliffs Club that is located in or adjacent to and serving the Cliffs Community where such Member's Property is located; provided, however, that unless and until a new club is created within The Cliffs at High Carolina community, The Cliffs at Walnut Cove Golf & Country Club shall be the applicable Cliffs Club for purposes of determining the Home Club of such Property Owner within that Cliffs Community. A Member who owns multiple Properties within the Cliffs Communities and has multiple Memberships associated with such Properties, will be permitted to designate one of their Memberships, which must be the highest classification of Membership held by such Member, as their primary membership (the "Primary Membership"), and the Home Club for such Member will be the Cliffs Club associated with the Primary Membership. With respect to any Member who is not a Property Owner, the Club Operator shall have the discretion to determine which of the Cliffs Clubs will be the Home Club for such Member.

Each Membership permits the Member, in exchange for a non-refundable Initiation Fee, periodic dues and product charges and service fees, to use such of the recreational, dining and social facilities of the Home Club as are accorded use privileges pursuant to the Member's Membership classification and the product and service offerings at the facility. In addition, a Home Club Member may also enjoy reciprocal usage privileges of the amenities and facilities of the other Cliffs Clubs, as are specifically granted for the Member's Membership classification by and outlined in this Membership Plan. The Club Operator may, in its discretion, limit certain classifications and/or sub-classifications of Memberships to those persons who qualify as Non-Resident Members. To qualify as a "Non-Resident Member," (1) neither the Member nor any member of such Member's immediate family may own a residence, or lease or reside at a residence (other than on a transient basis), located within a Cliffs Community or within a 125 mile radius from the nearest Cliffs Club, and (2) such Member must have executed and delivered to the Club Operator a Non-Resident Member Addendum to the Member's Application and Membership Agreement, in a form provided by the Club Operator.

OWNERSHIP AND USE OF THE CLUB FACILITIES

Each Home Club's facilities are operated through the club management services division or an affiliate of the Club Operator. These facilities may include a range of amenities specific to each Home Club, which may include, without limitation, a golf course and related practice facilities, as well as tennis, swimming, fitness, wellness, dining and other recreational facilities and amenities which may be available for use by Members according to the access and use rights conferred by a Member's Membership classification under this Membership Plan. When used herein, the term "Club Facilities" shall mean and include all of the facilities that are available for use by the Members at the Cliffs Clubs. The Club Facilities will initially be owned by affiliates of Cliffs Club Partners.

The membership privileges of access and use of the Club Facilities are granted by a non-exclusive, revocable license. By acquiring a Membership at any of the Cliffs Clubs, the Member does not acquire any ownership interest in the applicable Home Club, in any of the Cliffs Clubs, in any of the Club Facilities or in the Club Operator. By the same token, a Member will not be subject to special assessments or any deficit-funding requirement, which remain the sole responsibility of the Cliffs Clubs.

The Club Operator reserves the right to add, change, alter, remove and otherwise modify the Club Facilities that may be provided at the Cliffs Clubs from time to time and, therefore, the number, size, scope and nature of the Club Facilities are subject to change at the sole discretion of the Club Operator. Membership does not create any presumption that the Club Facilities or the services that may be available at the Club from time to time will continue to be available in their current state or condition. The Club Operator shall have the right to delegate, transfer or otherwise assign any or all of its rights and responsibilities for the management and operation of the Club Facilities to such persons and on such terms and conditions as the Club Operator may determine appropriate from time to time. The Club Operator may also retain a professional management firm to manage and operate the day-to-day affairs of the Club Facilities.

MEMBERSHIP PRIVILEGES

Membership in a Home Club is an opportunity to belong to a recreational, dining, golf, tennis and social club with use of facilities across all of the Cliffs Clubs, based upon the applicable Membership classification. Certain Membership classifications are only guaranteed to be made available to persons purchasing Property from a Developer within the Cliffs Communities for a limited period of time, commencing with the individual's closing on the Property, and is only guaranteed to be made available to a resale purchaser of Property if the resale seller in Good Standing holds a Membership classification that confers such guaranteed availability, as more particularly provided in this Membership Plan. Each individual Member and Member Designee of an entity-owned or multiple-owner Membership (each, a "Primary Member") is permitted certain privileges to use the Club Facilities in accordance with the Membership Documents and the Membership classification acquired, as the same may exist from time to time. For purposes of this Membership Plan, the term "Developer" shall mean and include only those developers of Property located within the Cliffs Communities that are approved by the Club Operator in its sole discretion, and a Member is in "Good Standing" if the Member's accounts with the Cliffs Clubs are current and the Member has not been suspended.

MEMBERSHIP OFFICE IS AVAILABLE TO ANSWER INQUIRIES

Should there be any questions concerning this Membership Plan or the membership opportunities at the Cliffs Clubs, please contact the Membership Office. The Membership Office for the Cliffs Clubs is located at the address listed on the Application and Membership Agreement form.

FOLLOW THESE PROCEDURES TO MAKE APPLICATION FOR MEMBERSHIP PRIVILEGES

Eligible applicants are extended an opportunity to acquire a Membership in a Home Club. Eligible applicants for certain Membership classifications must comply with the following requirements:

- Complete and sign the required Application and Membership Agreement form;
- Mail or deliver to the Membership Office the completed and signed required forms and a check in the amount of the applicable Initiation Fee.

Eligibility for Membership is described in this Membership Plan and the applicable Application and Membership Agreement, including any applicable addenda thereto.

RELY ONLY ON INFORMATION IN THE MEMBERSHIP PLAN

No one is authorized to give any information or make any representation to an applicant not contained in the Membership Documents, and if anyone has given any information or made

any representation or promise that doesn't appear in the Membership Documents, the applicant may not rely upon it as having been authorized by the Club Operator or the Cliffs Clubs.

Membership is being offered exclusively for the purpose of permitting persons obtaining membership privileges to use the Club Facilities of the Home Club, as outlined in this Membership Plan. Membership privileges should not be viewed or obtained as an investment, and no one obtaining membership privileges at the Cliffs Clubs should expect to derive any economic benefits or profits from such Membership.

The Club Operator makes no representations and expresses no opinions regarding the federal or state income tax consequences of obtaining a Membership at the Club and payment of the non-refundable Initiation Fee. All Members obtain their membership privileges subject to all applicable tax laws, as they may exist from time to time. The Club shall charge to each Member and each Member shall pay any and all taxes or assessments imposed by the United States Government, the applicable state or any political subdivision thereof, or any other governmental agency, on any Initiation Fee, dues or other fees and charges paid or payable by the Member.

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THE CLIFFS CLUBS

MEMBERSHIP PLAN

INTRODUCTION

1. Membership Opportunity. Each Home Club offers an applicant an opportunity to become a Member of a recreational, dining and social club. The privilege to use the Club Facilities of the Home Club is available to Members, immediate family members of Members, guests of Members, and other persons to the extent permitted by this Membership Plan.

2. Home Club's Reserved Right to Convert to Equity Club. The Club Operator reserves the right, but not the obligation, to convert any or all of the Home Clubs to an equity membership form of ownership. The Club Operator makes no commitments or promises to the current membership except for the future invitation to all Members in Good Standing, at the time of conversion, the equal opportunity to acquire an equity membership on such terms and conditions and payment of such additional fees as may be specified at that time.

3. Club Facilities. The facilities of the Cliffs Clubs are referred to collectively as the "Club Facilities," which may include a range of amenities specific to each Home Club such as golf, tennis, swimming, fitness and wellness, spa, dining and other recreational amenities located within the Cliffs Communities, which are made available for use by the Members under this Membership Plan.

MEMBERSHIP CLASSIFICATIONS

4. Memberships – Memberships issued at the Cliffs Clubs are referred to herein, individually, as a "Membership" and, collectively, as the "Memberships," and the holder of a Membership is referred to herein as a "Member." A description of the types of Membership classifications currently being offered and their privileges are set forth in this Section 4 below. Purchasers of Property within the Cliffs Communities will apply to the Club Operator for membership in the Cliffs Club associated with the Cliffs Community where their Property is located.

The privileges of a Membership are subject to this Membership Plan and the Rules and Regulations, as they may be amended from time to time, and the applicable Application and Membership Agreement. Members agree to be bound by the terms and conditions of this Membership Plan and the Rules and Regulations, as such may be amended from time to time. Members agree to fully substitute any prior rights to use the Club Facilities with the membership privileges obtained pursuant to this Membership Plan. The Club Operator may obtain a loan from time to time and use the Club Facilities as security and collateral for repayment of any such loan and, therefore, all rights and privileges of Members pursuant to the Membership Documents are subordinate to the lien of any mortgage or deed of trust encumbering the Club Facilities from time to time.

The Rules and Regulations, including the services provided to Members and the hours of operation of the Club Facilities or any portion thereof, may be changed by the Club Operator without notice, in its sole discretion. In order to provide for the orderly administration of the Club Facilities, the Club Operator reserves the right, from time to time, to establish and promulgate new rules and/or modify existing rules governing the Club Facilities and the advance sign-up privileges with respect to the golf and other facilities provided at the Club. Upon approval by the Club of a prospective Member's Application and Membership Agreement, the payment of the applicable membership Initiation Fee, dues and other applicable fees and charges, and compliance with the Rules and Regulations established by the Club Operator, Members obtain the following use privileges:

4.1 Golf Membership – A Golf Membership allows a Member and the Member's immediate family, as defined in Section 10 of this Membership Plan, to have access to all Club Facilities, subject to the terms and conditions set forth in the Membership Documents. A Member holding a Golf Membership is sometimes referred to herein as a "Golf Member."

The following sub-classifications of Golf Membership, having the golf privileges described below, are currently being offered by the Cliffs Clubs:

Sub-Classification:

Description of Golf Privileges:

Active Golf

No stated annual cap on the number of rounds of golf at either the applicable Home Club or the other Cliffs Clubs. No greens fees will be charged at the applicable Home Club or any other Cliffs Clubs for Members and their immediate family.

Home Golf

No stated annual cap on the number of rounds of golf at either the applicable Home Club or the other Cliffs Clubs. No greens fees will be charged at the applicable Home Club for Members and their immediate family. Greens fees will be charged for Members and their immediate family at the other Cliffs Clubs pursuant to the schedule of fees and charges as established by the Club Operator from time to time.

Flex Golf

No stated annual cap on the number of rounds of golf at either the applicable Home Club or the other Cliffs Clubs. Greens fees will be charged for Members and their immediate family at the applicable Home Club and at the other Cliffs Clubs pursuant to the schedule of fees and charges as established by the Club Operator from time to time. This sub-classification of Membership is available only for Non-Resident Members.

All Golf Members will have 30 days advanced booking privileges at their applicable Home Club courses and 7 days advanced booking privileges at the other Cliffs Clubs' courses.

A Golf Membership may be available to Property Owners in all of the Cliffs Communities who apply for and are accepted for membership at their Home Club. To be guaranteed acceptance and issuance of a Golf Membership, a Property Owner must apply to the Club Operator for membership and pay the applicable non-refundable Initiation Fee either (i) in the case of a purchase of Property from a Developer, within thirty (30) days following the closing of such Property, or (ii) in the case of a purchase of Property in a resale transaction from a Golf Member in Good Standing, at the closing of such resale transaction. Resignation by a Golf Member and re-issuance of the resigned Golf Membership to a resale purchaser is the only means provided for a Property purchaser in a resale transaction to be guaranteed the ability to obtain a Golf Membership.

4.2 Sports Membership – A Sports Membership allows a Member and the Member's immediate family as defined in Section 10 of this Membership Plan, to have access to all Club Facilities, subject to the terms and conditions set forth in the Membership Documents. A Member holding a Sports Membership is sometimes referred to herein as a "Sports Member."

The following sub-classifications of Sports Membership, having the golf privileges described below, are currently being offered at the Cliffs Clubs:

<u>Sub-Classification:</u>	<u>Description of Golf Privileges:</u>
Active Sports	Golf privileges are limited to twenty (20) rounds per calendar year at their Home Club's golf course and six (6) rounds per calendar year at each of the other Cliffs Clubs' golf courses through the payment of appropriate greens fees and other use fees as established by the Club Operator from time to time.
General Sports	Golf privileges are limited to ten (10) rounds per calendar year at their Home Club's golf course and five (5) rounds per calendar year at each of the other Cliffs Clubs' golf courses through the payment of appropriate greens fees and other use fees as established by the Club Operator from time to time.
Limited Sports	Golf privileges are limited to six (6) rounds per calendar year at their Home Club's golf course and two (2) rounds per calendar year at each of the other Cliffs Clubs' golf courses through the payment of appropriate greens fees and other use fees as established by the Club Operator from time to time. This sub-classification of Membership is available only for Non-Resident Members.

All Sports Members will have 5 days advanced booking privileges at their applicable Home Club courses and at the other Cliffs Clubs' courses. From time to time, the Club Operator will establish, for weekends and certain holidays, a time of day before which Sports Members will not be permitted to have access to the golf courses at the Cliffs Clubs. In addition, the golf

professional at the applicable Cliffs Club where the course is located will have the discretion to further limit the time of day during which a Sports Member may be permitted to reserve a tee time.

A Sports Membership may be available to Property Owners in all of the Cliffs Communities who apply for and are accepted for membership at their Home Club. To be guaranteed acceptance and issuance of a Sports Membership, a Property Owner must apply to the Club Operator for membership and pay the applicable non-refundable Initiation Fee either (i) in the case of a purchase of Property from a Developer, within thirty (30) days following the closing of such Property, or (ii) in the case of a purchase of Property in a resale transaction from a Sports Member in Good Standing, at the closing of such resale transaction. Resignation by a Sports Member and re-issuance of the resigned Sports Membership to a resale purchaser is the only means provided for a Property purchaser in a resale transaction to be guaranteed the ability to obtain a Sports Membership.

4.3 Wellness Membership - A Wellness Membership is available to Property Owners within all Cliffs Communities that allows a Member and the Member's immediate family, as defined in Section 10 of this Membership Plan, to have limited access to certain Club Facilities as described below, subject to the terms and conditions set forth in the Membership Documents. The following sub-classifications of Wellness Membership, having the applicable privileges described below, are currently being offered at the Cliffs Clubs:

<u>Sub-Classification:</u>	<u>Description of Membership Privileges:</u>
Active Wellness	Access to the Club Facilities other than golf courses or golf practice facilities, subject to the terms of the Membership Documents.
Social Wellness	Access only to the dining facilities within the clubhouses at the Cliffs Clubs. No access to any other Club Facilities, except as otherwise designated by the Club Operator.

A Wellness Membership may be available to Property Owners in all of the Cliffs Communities who apply for and are accepted for membership at their Home Club. To be guaranteed acceptance and issuance of a Wellness Membership, a Property Owner must apply to the Club Operator for membership and pay the applicable non-refundable Initiation Fee either (i) in the case of a purchase of Property from a Developer, within thirty (30) days following the closing of such Property, or (ii) in the case of a purchase of Property in a resale transaction from a Wellness Member in Good Standing, at the closing of such resale transaction. Resignation by a Wellness Member and re-issuance of the resigned Wellness Membership to a resale purchaser is the only means provided for a Property purchaser in a resale transaction to be guaranteed the ability to obtain a Wellness Membership.

4.4 Cliffs Residence Club Membership - A Cliffs Residence Club Membership allows a Member and the Member's immediate family, as defined in Section 10 of this Membership Plan, to have access to all Club Facilities while in residence. A Cliffs

Residence Club Member must have a confirmed reservation at the Residence Club and be physically present in order to have access to all Club Facilities and privileges. A Cliffs Residence Club Membership may be available to Cliffs Residence Club owners who apply for and are accepted for membership at their Home Club. To be guaranteed acceptance and issuance of a Cliffs Residence Club Membership, a Cliffs Residence Club property owner must apply to the Club Operator for membership and pay the applicable non-refundable Initiation Fee either (i) in the case of a purchaser of a Cliffs Residence Club property from a Developer, within thirty (30) days following the closing of such property, or (ii) in the case of a purchaser of a Cliffs Residence Club property in a resale transaction from an active Cliffs Residence Club Member in Good Standing, at the closing of such resale transaction. Resignation by a Cliffs Residence Club Member and re-issuance of the resigned Cliffs Residence Club Membership to a resale purchaser is the only means provided for a Cliffs Residence Club property purchaser in a resale transaction to be guaranteed the ability to obtain a Cliffs Residence Club Membership.

4.5 Corporate Membership – A Corporate Membership may be available to any corporation, partnership, or other legal entity, at the discretion of the Cliffs Clubs. The “Corporate Member Designee” program allows a Member Designee and additional Designees as determined by the Club Operator to have access to designated club facilities and golf courses. The entity holding the Corporate Membership may change the Member Designees from time to time as provided for in this Membership Plan. The number of Corporate Memberships is limited at all times as determined by the Club Operator in its sole discretion. The Club Operator reserves the right to provide additional course access to Corporate Memberships under modified membership programs and special use requests.

4.6 Honorary Membership – In addition to the Memberships described in this Membership Plan, the Cliffs Clubs may issue a limited number of Honorary Memberships to persons designated by the Club Operator from time to time. These Honorary Memberships are in addition to all other memberships to be issued at the Club. Honorary Memberships shall be available on terms and conditions and allowed such privileges as shall be established by the Club Operator. The users of these Honorary Memberships may be recalled and otherwise changed at any time by the Club Operator, in the Club Operator’s sole discretion.

4.7 Recallable and Temporary Membership - The Cliffs Clubs has the plenary right to offer Memberships at any Home Club to persons who do not own Property within the Cliffs Communities, having such access and privileges as determined by the Club Operator in its sole discretion. The Club Operator currently anticipates that Memberships issued to such persons who do not own Property within the Cliffs Communities will be issued either on a temporary basis or will be recallable by the Club Operator, as determined by the Club Operator in its sole discretion. The Club Operator may, in its sole discretion, issue any of the classifications and sub-classifications of Memberships offered by the Club as recallable Memberships.

4.8 Generational Membership – The Club Operator may, in its sole discretion, implement such programs from time to time to address multiple generations and extended family privileges, and said programs will be subject to change in the sole discretion of the Club Operator.

4.9 Marina Membership Privileges – Marina Membership entitles the Member and his/her family to unlimited use of the marina facilities located within The Cliffs at Keowee Vineyards Community, The Cliffs at Keowee Falls South Community, The Cliffs at Keowee Falls North Community, and The Cliffs at Keowee Springs Community. Marina Membership privileges include use of the boat access ramps, club-owned wet slips and any other general marina services. Use of wet slips, boat storage facilities and marina services provided by a dockmaster are available at additional fees. Marina Membership is included with Golf Memberships and Sports Memberships at the following Home Clubs: The Cliffs at Keowee Vineyards Golf & Country Club; The Cliffs at Keowee Falls Golf & Country Club; and The Cliffs at Keowee Springs Golf & Country Club. Members at other Home Clubs may be offered from time to time marina privileges set forth above as “add on” privileges, subject to availability and through the payment of the applicable membership fees and additional dues and charges.

MEMBERSHIP LIMITATIONS

5. Right To Reserve Memberships - The Club Operator may, in the exercise of its absolute discretion, reserve Memberships for sale to future purchasers of the Developers’ inventory of Property located within the Cliffs Communities. Memberships that are reserved will not be considered to be available Memberships, and the Cliffs Clubs may not be compelled to issue them. In the event Memberships are not available, a priority waiting list will be established for each Membership classification at a Home Club, provided that any purchaser of Property from a Developer will be given higher priority on such list.

6. Number of Memberships - The maximum number of Memberships available in each category of Membership is not limited at this time to a specific number per Home Club, but the Club Operator is committed to a maximum number of Memberships that will accommodate Member utilization and protect the Members’ usage of his/her Home Club. In the event that any maximum on the number of Memberships is instituted by the Club Operator and there is not a sufficient number of Memberships to be issued to purchasers of Property in the Cliffs Communities, then, notwithstanding anything in the Membership Documents to the contrary, purchasers of Property from a Developer will be given a higher priority on any waiting lists established for the purchase of a Membership.

7. Resale Property - A purchaser of a Property in a Cliffs Community pursuant to a resale transaction (i.e., seller is not a Developer) will have the opportunity to become a Member of the applicable Home Club only if the seller has a Membership associated with that Property which is in Good Standing at the time of closing of the purchase of such Property by the new purchaser. The purchaser of such Property in a resale transaction would be provided with the opportunity to acquire the same or lower classification or sub-classification of Membership associated with such Property as was held by the selling Member immediately prior to the sale. However, the purchaser of such Property may also elect to obtain a higher classification of Membership, subject to availability.

8. Right to Change Membership Classification Privileges - The Club Operator has the plenary power to create a class of Membership other than those specified, and may subdivide any or every Membership classification into reasonable sub-classifications. When a limit in a certain Membership classification is determined, the Club Operator will advise the Members of

the limit so established. The Club Operator reserves the right to modify playing privileges and reservation policies for each classification of Membership at a Home Club, in order to provide the utmost enjoyment and services for all Members at the Home Club. In addition, the Club Operator reserves the right to change, decrease or increase Membership roster limitations previously estimated or established for a Home Club.

RECIPROCITY -- USE PRIVILEGES

9. Use Reciprocity - Certain Membership classifications at an applicable Home Club have reciprocal access of Club Facilities located at the other Cliffs Clubs. Reciprocity and the scope of privileges subject to reciprocity are subject to change from time to time as determined by the Club Operator in its sole discretion.

9.1 Golf Reciprocity - Golf Members, Corporate Members (to the extent applicable), Sports Members, and Cliffs Residence Club Members (while in residence) enjoy reciprocal golf privileges at all Cliffs Club golf courses, subject to the terms of the Membership Documents. Reciprocal golf privileges are provided for the Member and the Member's immediate family, as defined in Section 10 of this Membership Plan.

9.2 Non Golf Related Reciprocity - Golf Members, Corporate Members, Sports Members, Wellness Members and Cliffs Residence Club Members (while in residence) enjoy access to the clubhouses, tennis, swimming, fitness and wellness, spa and other non-golf recreational amenities at the other Cliffs Clubs' facilities, subject to the terms of the Membership Documents. Notwithstanding the foregoing, Wellness Members with a Social Wellness sub-classification will have limited access to only those areas of the clubhouses that comprise the dining facilities and such other areas designated by the Club Operator.

MEMBERSHIP FAMILY PRIVILEGES

10. Definition of Immediate Family and Selection of Designated Adult - A Membership permits the Primary Member and his/her immediate family to all of the privileges of the Membership classification obtained, subject to the right of the Club Operator to deny such privileges to any person upon the request of the Primary Member or for violation of the Membership Documents. The term "immediate family" shall include the Primary Member and one Designated Adult and the children of the Primary Member and/or the Designated Adult who are each 23 years of age or younger and either (1) maintain the same principal residence as the Primary Member, or (2) are serving in the armed forces or attending school on a full-time basis. The Club Operator may, from time to time, require proof of residency of any Designated Adult or children 23 years of age and younger and/or other information reasonably necessary to verify that such individual is either living at the same principal residence as the Primary Member, attending school on a full-time basis or in the military.

The "Designated Adult" with respect to a Primary Member may be either (a) the Primary Member's spouse, or (b) any person unrelated to the Primary Member who is 18 years of age or older and who is living in the Primary Member's household (at the same principal residence) as a part of the family unit on a full-time basis. The Primary Member shall identify in writing to the Membership Office the person who the Primary Member wishes to designate as the Designated

Adult for such Primary Member's Membership, and the Club Operator may require the Primary Member and/or such person being designated by the Primary Member to execute a written instrument in a form provided by the Club Operator as a condition to recognizing such designated person as the Designated Adult of the Primary Member. There shall be only one Designated Adult at a time per Membership; provided, however, a Primary Member may change the Designated Adult by written notice to the Membership Office, upon payment of such reasonable administrative fees as may be established by the Cliffs Clubs from time to time and subject to the right of the Club Operator to impose reasonable limitations on the frequency of such changes. If a Designated Adult other than a spouse ceases to maintain the same principal residence as the Primary Member, such person shall cease to qualify as a Designated Adult and the Club Operator may deny access and use privileges to such person; provided, the Primary Member shall remain responsible for all actions and charges of such person unless and until the Membership Office receives written notice from the Primary Member to cancel such person's status as the Designated Adult, and then only as to charges arising following receipt of such written notice, all previously incurred charges remaining the obligation of the Primary Member. From time to time as determined in the discretion of the Club Operator, the Cliffs Clubs may offer some extended family privilege programs, which are always subject to availability, and said programs will be subject to change in the sole discretion of the Club Operator based on the total number of outstanding Memberships and Member usage factors.

MEMBERSHIP FEES, DUES AND CHARGE PRIVILEGES

11. Initiation Fee - Each Member acquiring a Membership at any of the Cliffs Clubs will be required to pay a non-refundable initiation fee ("Initiation Fee") in an amount determined by the Club Operator from time to time. The Initiation Fee paid for a Membership is non-refundable. The amount of the Initiation Fee and the manner of payment of the Initiation Fee shall be established by the Club Operator from time to time, and is further described in the Member's Application and Membership Agreement. The Initiation Fee to be paid for a Membership will be the applicable Initiation Fee in effect for that category of Membership on the date the applicant submits the Application and Membership Agreement to the Club. However, the Club Operator reserves the right, in the Club Operator's sole discretion, to discount or waive all or part of the required Initiation Fee, whether to implement a promotional campaign, an amnesty program for non-Member Property Owners or otherwise. Except as otherwise expressly provided in a Member's applicable Application and Membership Agreement, the required Initiation Fee for a Membership shall be due in full at the time the Application and Membership Agreement is submitted to the Club.

12. Dues, Fees and Charges - All classifications of Membership require the payment of periodic dues, fees and other charges, as established by the Club Operator from time to time, in order to obtain and maintain membership privileges at the Cliffs Clubs and shall not be considered an operating assessment or capital assessment. Periodic dues are charged for the basic privileges accorded a Member by the Membership classification acquired. Payment of dues does not cover purchases and charges for products and services offered at a Club Facility ordered by a Member, for example, merchandise, food and beverage, greens and cart fees, guest, locker, bag storage and tournament fees, and miscellaneous service and rental fees. The frequency of periodic dues and the amount of dues per Membership classification and sub-classification is

determined by the Club Operator, who has the sole authority and discretion to modify and change dues amounts and payment schedules upon determination by the Club Operator. All dues billed are due and payable upon receipt. The payment of dues will not be abated for any reason, including, without limitation, any extended absences of the Member from the area, or any temporary disability preventing the Member's use of the Club Facilities. The Club may, but shall not be obligated, to offer dues levels that require the payment of greens fees and other usage fees for certain Membership classifications. Certain dues levels may have some restricted privilege as they relate to access to Club Facilities, advance tee times, and reciprocal golf at the golf courses, contingent upon their particular Membership classification and sub-classification privileges. Dues levels and amounts are subject to change from time to time at the sole discretion of the Club Operator. A Member who owns multiple Properties within the Cliffs Communities and has multiple Memberships associated with such Properties, will be permitted to designate one of their Memberships as their Primary Membership. The Primary Membership must be the highest classification of Membership held by such Member for which full dues will be charged, and all other Memberships held by such Member will be assessed dues at the rate charged for the lowest classification of Membership.

13. Food and Beverage Minimum - All classifications of Membership require participation in the Food and Beverage Minimum program as established by the Club Operator and may be modified from time to time in the Club Operator's sole discretion.

MEMBERSHIP CARDS, CHARGE PRIVILEGES AND ACCOUNTS

14. Membership Cards - Each Member shall be assigned a membership account number, evidenced by the issuance of a membership card imprinted with the Member's name and account number. Additionally, a Cliffs Community may issue automobile identification decals, which must be displayed at all times. Membership cards or other evidence of use and access privileges issued by the Club should be presented, and/or displayed when using any Club Facilities or making club charges, and upon request of Cliffs Clubs' management. A lost or stolen card must be reported in writing to Cliffs Clubs' management immediately following discovery of its lost or stolen status. A Member is responsible for all charges on his/her account until the Cliffs Clubs receives written notification that the card is lost or stolen and then only as to charges arising following receipt of such written notice, all previously incurred charges remaining the sole obligation of the Member. The Member will be issued a new account number and membership card in this event. Members may be charged an administrative fee for the re-issuance of a card.

15. Charge Privileges and Service Charges - Members are entitled to charge privileges for merchandise, food and beverage, greens and cart fees, guest and tournament fees, and miscellaneous service and rental fees, so long as the Membership is in Good Standing. A service charge, in the amount determined from time to time by the Club Operator, will be added for any food and beverage sales.

16. Accounts - A Member is fully responsible for the Member's Club account, as further described in Section 17 of this Membership Plan.

MEMBERS' FINANCIAL RESPONSIBILITIES/INDEBTEDNESS

17. Members' Financial Responsibilities; Delinquent Accounts – Each Member shall be responsible for the performance and prompt discharge of all obligations and indebtedness to the Cliffs Clubs imposed upon, or incurred by the Member, members of his/her family, and his/her guests. The Club Operator, in the exercise of absolute discretion, may expel, suspend, fine, or otherwise limit the use of any Club Facilities for any Member, who fails or neglects to promptly discharge or fulfill his indebtedness to the Club Operator. The Club Operator reserves the right to require Members to provide a credit card, check or cash deposit as security for payment of a Club account. A Member's Club account, which is billed monthly, will include monthly dues owed, and club charges. A Member is required to maintain two valid credit cards on file with the Cliffs Clubs. Any balance on the Member's Club account not received by the last day of the billing month will be subject to a late fee equal to 1.5% per month of the outstanding balance owed. If payment is not received within the last day of the billing month, a Member's account will be deemed delinquent, and the Club may temporarily suspend all charge and use privileges. If the Club Operator elects to charge a Member's credit card on file for any amounts due by the Member, the Club Operator will assess and collect a convenience fee equal to a percentage of the amount being charged as set by the Club Operator from time to time, which percentage is currently set at 3% for Visa and MasterCard and 4% for American Express. If payment of a delinquent account is not received within thirty (30) days of the date of delinquent notification and billing, the Club Operator reserves the right to continue temporary suspension until the delinquent Club account is settled, and paid in full. If payment of a delinquent account is not received within sixty (60) days of the date of delinquent notification and billing, the Club Operator reserves the right to continue temporary suspension until the delinquent Member pays to the Club Operator a reinstatement fee equal to the sum of (a) all outstanding dues, fees and other charges accrued to date, (b) all attorney costs and expenses incurred in pursuing collection of such delinquent account, and (c) an administrative fee as established by the Club Operator from time to time. Continued delinquency for a period of one-hundred eighty (180) days from the date of billing may result in formal expulsion, revocation or termination of the Membership. This process is at the sole discretion and authority of the Cliffs Clubs' management. The Club Operator reserves the right to take whatever action it deems necessary to collect in full the amount owed on delinquent Members' Club accounts. If the Club Operator engages an attorney to collect a past-due Club account, the delinquent Member will be liable for all attorney costs and expenses incurred in pursuing collection, including, but not limited to, costs and expenses of non-judicial processes, as well as court fees and costs through all appeal levels. If payment of the delinquent account, including the payment of the reinstatement fee referenced above, is received in full prior to the official revocation or termination of the Membership, the Member may be reinstated as a Member in Good Standing.

**TRANSFER, CHANGE OF MEMBER DESIGNEE,
RESIGNATION OR REVOCATION OF MEMBERSHIP**

18. Transfers Prohibited: Membership Resignation Only - A Member may not transfer his/her Membership to any person, including a purchaser of the Member's Property located within a Cliffs Community in a resale transaction. Such prohibited transfer includes a prohibition upon any sale, pledge, hypothecation, assignment, transfer or encumbrance of a

Membership except in accordance with this Membership Plan. A Member may resign the Membership and the Club Operator may reissue the Membership as a Membership in accordance with the following provisions:

- A. Upon the sale of Property in a resale transaction by a Member in Good Standing, such selling Member may resign the Member's Membership and arrange through the Club Operator to have the Member's Membership reissued to the resale purchaser at the closing of said Property. The resale purchaser must first, however, apply and be approved by the Club Operator for membership.
- B. Upon the sale of Property in a resale transaction by a Member (or former Member) who does not have a Membership associated with that Property in Good Standing, the purchaser of such Member's (or former Member's) Property may acquire a Membership at the Cliffs Clubs only if: (i) the seller of such Property pays to the Club Operator a reactivation fee equal to the sum of the amount of unpaid dues, fees and other charges that are owed to the Club Operator by such selling Member (or former Member), plus the amount of dues that would have accrued on such selling Member's (or former Member's) Membership at the applicable level of dues in order to have kept such Membership in Good Standing and (ii) the Purchaser pays the applicable Initiation Fee then being charged for the classification and sub-classification of Membership being acquired.
- C. A Member whose Membership is not to be reissued to a resale purchaser of such Member's Property may tender their resignation to the applicable Cliffs Club. In the event such Membership is not resigned by such selling Member, the Membership of such selling Member shall become callable at any time as determined in the sole discretion of the Club Operator.
- D. A formal written letter of resignation and/or a membership addendum, which outlines the resignation and reissuance (if applicable), must be processed before the resignation is finalized. A Member may resign only upon delivery of such written notice of resignation to the Membership Office at least six (6) months in advance of the intended date of resignation, unless the Member is selling such Member's Property (with which the Membership is associated), in which event the Member shall provide notice at least sixty (60) days in advance of the intended date of resignation. Unless otherwise approved by the Club Operator, the resignation of such Member will only become effective if such Member is in Good Standing at the time of providing notice of resignation and remains in Good Standing at all times until the intended effective date of resignation.
- E. Resigning Members must return their membership card(s), and return any locker key(s) before the resignation will become effective.

- F. To the extent that any Property Owner is required, by the terms of a declaration or any other covenant encumbering their Property, to acquire and maintain a Membership at one of the Cliffs Clubs, then such Property Owner will not be permitted to resign or deactivate their Membership associated with such Property.
- G. A Member who sells his/her Property within a Cliffs Community, does not arrange with the Club Operator for the reissuance of such Member's Membership to the purchaser of his/her Property, and purchases another Property in the same Cliffs Community within thirty (30) days following the closing of such sale may retain the Membership and have such Membership associated with the newly acquired Property, as long as the Membership is active and in Good Standing.

19. Change of Membership Designee - Corporate Memberships and Memberships owned by more than one Property Owner may have appointed designees. The designees may be changed as described below.

19.1 Corporate Membership - Corporate Memberships may change the Corporate Member Designee(s) to another individual in the company only once per calendar year. The change from one designee to another must be made by the company and acknowledged and approved by the Club Operator in writing. The company may be required to pay an administrative fee for such Member Designee change, as determined by the Club Operator at the time the change is requested. All Club account balances of the previous Corporate Member Designee's account must be paid in full prior to the change to another designee becoming effective. All membership cards and locker keys in the possession of the former Corporate Member Designee must be returned prior to the finalization of the membership designee change. Corporate Memberships may not change the Corporate Member Designee to another individual outside the company for which the Corporate Membership is issued.

19.2 Multiple-Owner Property - Multiple owners of a Property, whether as tenants in common or otherwise as determined by the Club Operator, who collectively own a Membership, must select one (1) of such owners as the Member Designee. Such multiple Property Owners may change the one (1) Member Designee to another co-owner of the Property only once per calendar year. An administrative fee determined by the Club Operator may be charged at the time of a Member Designee change. All club account balances of the current Property Owner Member Designee must be paid in full before the Club Operator processes the request for change of Member Designee. All membership cards and locker keys in the possession of the former Member Designee must be returned prior to the finalization of the change in Member Designee. The Member Designee being changed must surrender his/her membership card. A new account number will be assigned to the new Member Designee and a new membership card issued. A multiple Property Owner Membership may not change the Member Designee to an individual without an ownership interest in the multiple owner Property.

20. Revocation of Membership; No Refund Due - Notwithstanding anything in the Membership Documents to the contrary, a Membership that is revoked or terminated due to

default in payment or other disciplinary action shall not be entitled to any refund for any dues, club credits, fees or other charges paid by the revoked, expelled or terminated Member.

UPGRADES/DOWNGRADES/DEACTIVATION

21. Upgrades - Members may upgrade to a higher classification or sub-classification of Membership in accordance with this Section 21, provided that the desired classification/sub-classification of Membership is then available and not reserved. In order to upgrade to a different classification of Membership, the Member shall pay to the Club Operator the difference between the Initiation Fee then being charged for desired classification of Membership and the Initiation Fee then being charged for the classification of Membership currently held by the upgrading Member. When upgrading to a higher classification of Membership, an upgrading Member may select any sub-classification of Membership within that classification of Membership for which the Member is qualified. Subject to availability, a Member will be permitted to upgrade their sub-classification within their existing Membership classification only once every two years, unless otherwise approved by the Club Operator in its sole discretion. The Club Operator reserves the right to modify the terms and conditions for allowing Members to upgrade, as the Club Operator determines in its sole discretion.

22. Downgrades - Members may downgrade to a lower classification or sub-classification of Membership subject to the following conditions, which conditions may be modified by the Club Operator in its sole discretion: (a) Members will be permitted to downgrade a Membership by only one classification level (e.g., Golf Membership to Sports Membership) or sub-classification level (e.g., Active Golf to Home Golf) per each annual request, provided that the Member qualifies for such sub-classification level (i.e., Flex Golf and Limited Sports are reserved for Non-Resident Members only); (b) if downgrading a Membership by one classification level (e.g., Golf Membership to Sports Membership), the downgraded classification of Membership will be the highest sub-classification level in the downgraded classification of Membership; (c) with respect to downgrades from each classification and sub-classification of Membership at each respective Cliffs Club, downgrades in any given year will be limited to five percent (5%) of the total number of Memberships in such classification or sub-classification. All downgrade requests throughout the calendar year up to November 30th will be eligible for consideration of a downgrade for the next calendar year subject to such other limitations set forth herein. Should more downgrade requests exist than eligible slots, then a lottery will be held in December by the Club Operator to determine which requests made during such year will become effective for the following year; provided, however, that certain initial Members of the Cliffs Clubs whose Application and Membership Agreement includes a Historic Member Addendum will be given a priority with respect to any downgrade requests that were made upon joining the Cliffs Clubs, as provided in their respective Application and Membership Agreement, before any such lottery is held. The Club Operator reserves the right to modify the terms and conditions for allowing Members to downgrade, as the Club Operator determines in its sole discretion.

23. Leave of Absence - A Member in Good Standing may make a request for a leave of absence for good reason, which request may be approved by the Club Operator in its discretion. If a leave of absence is granted by the Club Operator, the Member's Membership will be deactivated for a period not to exceed two (2) years, during which the Member shall not have

access to the Club Facilities or any membership privileges. The Club Operator may, within its sole discretion, reduce or eliminate dues during such period of deactivation. The Club Operator shall have no obligation to grant any leave of absence hereunder, any such leave of absence being determined in the sole and absolute discretion of the Club Operator.

DEATH/DIVORCE OF MEMBER

24. Death of a Member - Upon the death of a Member, the spouse of the deceased Member or a child of the deceased Member who is eighteen (18) years or older is eligible to have the deceased Member's membership reissued in the name of such survivor. Re-issuance of the deceased Member's Membership is subject to compliance with the Will of the deceased, and must be communicated in writing to the Membership Office by the legal representative of the estate. The Club Operator may require proof the survivor's entitlement to re-issuance. Upon the reissuance of such deceased Member's Membership, the dues applicable to such deceased Member's Membership shall be abated for up to one (1) year during which time no one may utilize the membership privileges associated with such Membership. However, the transferee of such deceased Member's Membership may elect to activate the membership privileges associated with such Membership and commence paying the dues, fees and other charges applicable to such Membership. In the event the deceased Member's legal representative of the estate communicates that the Membership is not to be reissued to a survivor, as above provided, the representative shall also provide written notification of resignation. In the event the legal representative of a deceased Member fails to provide written notice of a survivor entitled to membership re-issuance or that the Membership is resigned, the Club Operator may, on its own and following written notice to the estate of the deceased Member declare the Membership resigned and recalled.

25. Divorce of a Member - In the event that a Member is divorced, the Membership is retained by or reissued to the individual who pursuant to agreement of the parties or by legal process is identified as entitled to the membership privileges represented by the divorced Member's Membership classification. Until receipt by the Club Operator of such written notice, the named Member shall remain entitled to all membership privileges.

26. Rights of a Deceased or Divorced Successor - In all respects, the membership rights of a deceased or divorced Member will only be reissued to a person otherwise eligible for the deceased or divorced Member's Membership classification. In the event that a request is made that a Membership of a deceased or divorced Member be reissued to an individual who does not qualify for that particular classification of Membership, the request will be denied, and said Membership considered resigned (for instance if the surviving spouse does not succeed to ownership of the Property with respect to which the Membership was issued). Other options which the Club may, but shall not be required to, offer under these circumstances include an upgrade or downgrade of Membership classification, based on availability, eligibility requirements and payment of any appropriate fees. The Club also reserves the right, but shall have no obligation to, reclassify a Membership, but not the privileges or obligation appurtenant thereto, to take into account underlying Property ownership change instituted for estate planning purposes, and upon written request for and consideration and presentation of such documentation and legal opinions as may be requested by the Club as a condition of any such reclassification.

MEMBERSHIP YEAR

27. Membership Year - The membership year of each Home Club shall begin January 1st and end the following December 31st. All Membership classifications shall comply with this membership year schedule.

GUESTS

28. Guest Privileges - Members may have limited guest privileges in accordance with this Membership Plan and the Rules and Regulations and upon payment of applicable guest fees established by the Club Operator from time to time. The Club Operator, in its sole discretion, may limit, deny or revoke guest privileges of any Member and limit the number of times any particular individual guest may use the Club Facilities or any particular facility provided through the Cliffs Clubs during a specific period of time and limit the number of guests a Member may sponsor at any particular time. The Cliffs Clubs may charge higher guest fees for unaccompanied guests (if permitted by the Club Operator) and require that guests be accompanied by a sponsoring Member when using certain facilities provided at the Cliffs Clubs, when using the facilities during certain times of the day, when using the facilities during certain days of the week or when using the facilities during certain times of the year. Sponsoring Members are responsible for the payment of all fees and charges unpaid by their guests and for the conduct of their guests. The following provisions outline the escorted or unescorted privileges afforded Day Guests, Corporate and Executive Guests, Family Guests, Houseguests, and Residence Club Guests, which may be modified by the Club Operator from time to time in the Club Operator's sole discretion.

28.1 Member Day Guests - A day guest of the Member is required to be accompanied by the Member, unless otherwise permitted by the Cliffs Clubs. A day guest may use the Club Facility under and in accordance with the following provisions:

- A. A day guest may not use the dining, golf facilities, tennis, swimming and other recreational facilities of the Cliffs Clubs more than six (6) times during a membership year.
- B. A day guest's use is further restricted as to the number of times of use, as it relates to the same individual being a day guest of more than one Member during the same calendar year.
- C. A Member will be responsible for guest fees for the Member's day guest, as determined by the Cliffs Clubs. Payment may be processed through charges to the Member's account, or through credit card. Day guest fees will apply to use of all club facilities including the golf courses, tennis courts, swimming pools and other social and recreational activities, as determined by the Cliffs Clubs. A Member must personally call the Club and make dining reservations or reserve tee times for any unescorted guests and authorize charge privileges or indicate to the Club staff that the guest will be solely responsible for the guest's charges while visiting the Club unescorted by the Member.

- D. Day guests will be entitled to use the Club Facilities only in accordance with the privileges of membership as provided for by the sponsoring Member's classification.
- E. The sponsoring Member shall be responsible for all charges incurred by the day guest.
- F. A sponsoring Member shall be responsible for the conduct and appearance of his day guest, and shall, at the request of the Cliffs Clubs, require the day guest to leave the Club premises if the day guest is determined by the Club to be in violation of the rules and regulations.
- G. Day guests must register with the Home Club personally upon arrival and may be required to carry a temporary membership card issued by the Club.
- H. Day guest usage and fee policies apply to all membership classifications as set forth in the Rules and Regulations, which may be modified from time to time at the sole discretion of the Club Operator.

28.2 Corporate Guests - Corporate Member Designees are extended the privilege of hosting day guests at the Club according to the following guidelines:

- A. A Corporate Membership does not allow for unlimited use of the Club Facilities by all individuals who are employed by the company or business.
- B. Corporate Member Designees must pre-register their day guests with the Home Club.
- C. Corporate Member Designees must personally call and reserve tee times for any unescorted guests and authorize charge privileges or indicate to the Club staff that the guest will be solely responsible for the guest's charges while visiting the Club unescorted by the Member.
- D. The "local" day guest rules above apply equally to the number of times per year that a Corporate Designee's day guest may be sponsored.
- E. The maximum number of unescorted day guests of a Corporate and Executive Designee is limited at all times. Club management reserves the right to make exceptions. At all times, unescorted guest tee times are subject to availability. The Home Club's on-site manager shall have the right to deny privileges to any unescorted guest.

28.3 Family Guests - From time to time, the club may offer preferential guest fee rates for family members of the Member. These guest fee rates apply to family members playing with the Member and include adult children and their spouses and children, parents, and grandparents.

28.4 House Guests - Family and friends staying within the home of a Member within the Cliffs Community are not subject to the Member Day Guest rules outlined in Section 28.1.A above; provided, however, that the Club Operator shall have the discretion to determine in its reasonable judgment whether such house guest privileges are being abused.

28.5 Lessees - A lessee of a Property Owner's home shall not be permitted use rights or privileges under the Property Owner's Membership, and shall be required to obtain a separate temporary membership from the Club Operator. If the Property Owner leases his/her Property through the rental program of the Club Operator's designated affiliate, then the lessee may also obtain certain membership privileges through such rental program.

28.6 Residence Club Guests - An "Escorted Guest" shall be defined as any guest who resides with a Residence Club Member during their stay in residence. An "Unescorted Guest" shall be defined as any guest who resides in a Residence Club property without the Residence Club Member being present. Guests of a Residence Club Member may use the Club Facilities under and in accordance with the following provisions:

- A. Residence Club Members shall be responsible for the conduct and appearance of their guests, and shall, at the request of the Cliffs Clubs, require the guest to leave the Club premises if the guest is determined by the Club to be in violation of the rules and regulations.
- B. Residence Club Members must pre-register Unescorted Guests in writing at least fourteen (14) days prior to their arrival date.
- C. Unescorted Guests shall be permitted to use the Residence Club Member's Home Club Facilities only and will be responsible for any charges and fees incurred. Any unpaid charges or fees of an Unescorted Guest will be charged to the sponsoring Residence Club Member's account.
- D. Escorted Guests are permitted to use non Cliffs Home Club Facilities only while in the presence of the sponsoring Residence Club Member.
- E. Residence Club Members will be responsible for any Escorted Guest fees for the Member's guest, as determined by the Cliffs Clubs. Payment may be processed through charges to the Member's account, or through a credit card. Escorted Guest fees may apply to use all club facilities including the golf courses, tennis courts, swimming pools and other social and recreational activities, as determined by the Cliffs Clubs.
- F. Exchange Guests of Residence Club Members shall be permitted to use the Member's Home Club Facilities only and will be solely responsible for any charges and fees incurred during their use of the Home Club.

29. Other Guest Usage And Privileges - The Cliffs Clubs may grant use and access privileges to persons other than Members at any or all facilities of the Cliffs Clubs. Such other designated users may include, but shall not be limited to, persons who are employed by the Cliffs Clubs, a Developer and their exclusive sales broker, prospective purchasers of Property, resort

guests and other non-members subject to compliance with strict guidelines, schedules and fee structures as determined by the Club Operator. The Club Operator may permit persons to use the Club Facilities for special outings and events, according to guidelines, schedules and fee structures established by the Club Operator.

DISCIPLINE OF MEMBERS

30. Reasons for Discipline - A Member, or any of his/her family or guests may be subject to disciplinary action by the Cliffs Clubs for any of the following reasons, or any other action deemed by the Club Operator to be "Conduct unbecoming a Member of the Cliffs Clubs:"

- A. Submission of false information on the Application and Membership Agreement or application for guest privileges.
- B. Permitting a membership card or club account to be used by anyone other than the designated Member, or as otherwise allowed in accordance with this Membership Plan.
- C. Non-payment of any fees, dues, charges and other indebtedness due and owing the Cliffs Clubs within the time required.
- D. Exhibiting conduct that is prejudicial to the good order, harmony, reputation, health, safety, morals or general welfare of the Club Operator, Cliffs Clubs, or its Members and their families, as determined solely by the Club Operator.
- E. Exhibiting conduct that is disruptive, abusive, incompatible with, or offensive or disagreeable to the Members of the Club, their families and guests, as determined solely by the Club Operator.
- F. Displaying conduct which, in the sole and absolute discretion and opinion of the Club Operator, is abusive to management or staff or an affiliate's employees.
- G. Exhibiting behavior which is considered lewd or vulgar, including the excessive use of profane language, or which constitutes or evidences habitual or repeated drunkenness, or use of drugs or controlled substances, as determined solely by the Club Operator.
- H. Solicitations of any kind, including but not limited to, mail, telephone or email, made by use of the published membership directory or the Cliffs Clubs' websites.
- I. The violation of any rules and regulations of the Cliffs Clubs, including, without limitation, this Membership Plan, the Rules and Regulations and other rules and regulations promulgated by a Cliffs Clubs, at any time

governing Member conduct and use of Club Facilities or other Cliffs Clubs property.

- J. The Club Operator, taking into account the nature and gravity of the conduct involved, may in its sole and absolute discretion, reprimand, place on probation, suspend, expel or refuse to renew the Membership of any Member who is in violation of the offense.
- K. The Cliffs Clubs may restrict, suspend, or terminate any Member's right to use any or all of the Cliffs Clubs' facilities at the discretion of the Cliffs Clubs.
- L. A Member who is suspended or terminated due to disciplinary action, is not entitled to any refunds of Initiation Fees, dues, or credits of any kind and is liable for full payment of outstanding club account balances.
- M. A Member, who is temporarily suspended from use of Club Facilities, is liable for payment of monthly dues and other charges in a proper and timely matter. The temporarily suspended Member cannot be reinstated as a Member in Good Standing, until all outstanding account balances are paid in full and as otherwise provided in this Membership Plan.
- N. In the event a Membership is permanently terminated by the Club Operator, constituting an involuntary resignation, the Member waives all rights to any guaranteed Membership re-issuance in accordance with this Membership Plan.
- O. A permanently suspended former Member shall not, under any circumstances, be entitled to consideration for membership application in the future, and may be prohibited from being admitted to use Club Facilities under any circumstances, including as a day guest.

PERSONAL INJURY AND LOSS OR DESTRUCTION OF PROPERTY

31. Member Responsibilities and Indemnities - Each Member, as a condition of membership, and each guest as a condition of invitation to the Club Facilities, assumes sole responsibility for his/her personal property and acknowledges and understands the following:

- A. Neither the Club Operator nor club staff are responsible for any loss or damage to any private property used or stored on the premises of the Cliffs Clubs, whether in lockers or elsewhere.
- B. Any personal property left in, or on Club property, for more than six (6) months, without payment due for any applicable storage facilities, will be sold by the Club Operator, with or without notice, at a public or private sale, or may be otherwise disposed of, and the proceeds, if any, shall be retained by the Club Operator.

- C. No person shall remove, or rearrange any property or fixtures belonging to the Club Operator or Cliffs Clubs to a different location or position, without proper authorization from the Cliffs Clubs' management.
- D. All Members are liable for any property damage or personal injury at the Club Facilities, whether during normal usage, or at any activity or function which is sponsored by the Cliffs Clubs, if such damage or injury is caused in whole or in part by the Member, his/her family, or guests. The cost of such damage shall be charged to the Member's account. Persons responsible for any damage are subject to suspension or termination for the refusal to make restitution therefore.
- E. All Members, guests, and other persons who in any manner, make use, or accept use of any apparatus, appliance, facility, or privilege or service provided by the Club Operator or the Cliffs Clubs, or who engages in any contest, game, function, exercise, competition, or other activity operated, organized, arranged or sponsored by the Club Operator or the Cliffs Clubs, shall do so at his/her own risk, and shall hold the Club Operator, the Cliffs Clubs, and its management, employees, principals, affiliates, directors, representatives and agents (collectively, the "Club Indemnified Parties") harmless from any and all loss, cost, claim, injury, damage or liability sustained or incurred by him/her resulting therefrom, or from any act or omission, including the negligence, of the Club Operator or any of the other Club Indemnified Parties.
- F. Should any party bound by the Membership Documents bring suit against the Club Operator or any of the Club Indemnified Parties in connection with any event operated, organized, arranged or sponsored by the Club Operator or the Cliffs Clubs or any other claim or matter in connection with membership in any of the Cliffs Clubs, and fail to obtain judgment therein against such Club Indemnified Parties, said party shall be liable to the Club Operator and the Club Indemnified Parties for all costs and expenses incurred by the action in the defense of such suit.

TRANSFER OF CLUB OR CLUB FACILITIES

32. Sale of Club to a Third Party - The Club Operator reserves on behalf of itself, its successors, successors-in-title to the Club Facilities, and assigns, the right, in its sole discretion, to sell, convey or otherwise transfer ownership of the Cliffs Clubs or any of the Club Facilities to any entity whatsoever, subject to the rights of Members set forth in this Membership Plan. In the event the Club Operator sells some or all of the Club Facilities to a third party, the Club Operator may assign its rights and obligations under the Membership Documents to the subsequent purchaser, in which event the Club Operator shall be released from all liability under the Membership Documents.

33. Sale of Club to Members - The Club Operator, on behalf of itself, its successors, successors-in-title to Club Facilities, and assigns, hereby reserves the right to, but shall be under

no obligation to, offer to sell any or all of the Club Facilities to the Members, or a group thereof, or convert, in whole or in part, the Cliffs Clubs to an "equity" club or similar arrangement whereby the Members, or an entity owned or controlled by the Members, becomes the owner or operator, or both, of the Club Facilities. The acquisition price of the Club Facilities, if any is established, or the Club Operator, acting either alone or in conjunction with the entity group the Members may select to represent themselves, will establish the acquisition price of a membership in any such "equity" club. In the event the Club Operator converts the Club Facilities to an equity member-owned club, the Club Operator may assign its rights and obligations under the Membership Documents to the subsequent purchaser, in which event the Club Operator shall be released from all liability under the Membership Documents.

34. Dissolution of the Club - The Club Operator hereby reserves the right, on behalf of itself, its successors, successors-in-title to the Club Facilities, and assigns to terminate all Memberships and proceed to dissolve the Cliffs Clubs, without liability, at any time upon sixty (60) days' prior written notice to all Members, and upon such termination the Members shall be entitled to a refund of any prepaid dues, and each Member shall be entitled to a prorated refund of the Initiation Fee paid by such Member based upon an amortization of such Initiation Fee over a five-year period commencing upon the issuance of their Membership.

MODIFICATION AND INTERPRETATION

The Club Operator reserves the right to amend and modify the Membership Plan and the Rules and Regulations in any manner it deems appropriate. To the extent there are any conflicts or ambiguities in the terms of the Membership Documents, the Club Operator shall have the sole authority to interpret the Membership Documents and its decision shall be conclusive and final.

ADVISORY BOARD

35. Advisory Board - The Club Operator may establish a process for the appointment or election of an Advisory Board for each Home Club consisting of Members of the Home Club. The Advisory Board will serve in an advisory capacity only, and will have no duty or power to act on behalf of the Club Operator, the Home Club or the Home Club's Members, whether individually, or collectively.

36. Advisory Board Meetings With Club Management - The Club Operator' will designate the General Manager, Head Golf Professional, Director of Golf, Head Superintendent, and Members of Senior Management, or any one or a committee of them, to meet with the Advisory Board to discuss the operation of the Home Club Facilities.

REPRESENTATION ON CLIFFS CLUB PARTNERS BOARD

Cliffs Club Partners will have a seven (7) member Board of which two (2) seats will be reserved for two Members of the Cliffs Clubs at-large (the "Member Board Seats"). The Member Board Seats will be filled by election of all of the Members of the Cliffs Clubs. Provided that the Prior Club Notes are still in existence and outstanding, one of such seats shall be filled by a Member who is a holder of a Prior Club Note who obtains the most votes and the other seat shall be filled

by a Member who is not a holder of a Prior Club Note who obtains the most votes. For purposes of this paragraph, the term "Prior Club Notes" shall mean promissory notes issued by the prior owner of the Club Facilities (who filed for bankruptcy) to certain of its club members.

GLOSSARY OF DEFINED TERMS

Application and Membership Agreement i	immediate family 7
Cliffs Club..... i	Initiation Fee 8
Cliffs Club Partners..... i	Member 1
Cliffs Clubs i	Member Board Seats..... 21
Cliffs Communities..... i	Membership 1
Cliffs Community i	Membership Documents i
Club Facilities 1	Membership Plan i
Club Indemnified Parties 20	Memberships 1
Club Operator..... i	Non-Resident Member ii
Conduct unbecoming a Member of the Cliffs Clubs 18	Primary Member iii
Corporate Member Designee 5	Primary Membership i
Designated Adult 7	Prior Club Notes 22
Developer iii	Property i
Escorted Guest 17	Property Owners i
Golf Member..... 2	Rules and Regulations..... i
Good Standing iii	Sports Member..... 3
Home Club i	Unescorted Guest 17