

TORREON GOLF CLUB

FIRST AMENDMENT TO MEMBERSHIP PLAN

January 2, 2002

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This First Amendment to Membership Plan (this “First Amendment”) has been adopted and is dated as of January 2, 2002, as an amendment to the Torreon Golf Club Membership Plan dated July 31, 1998 (“Membership Plan”). Capitalized terms utilized in this First Amendment and not otherwise defined herein shall have the meanings ascribed in the Membership Plan. References herein to the “Membership Plan” shall constitute a reference to the Membership Plan as amended by this First Amendment.

1. The subsection of the Membership Plan entitled “Club Facilities” within the Section entitled “General Description of Membership Plan” is hereby deleted, and the following is inserted in its place:

Depending on the level of membership maintained, the “Club Facilities” that will be available to members, their immediate families, and guests will include the following:

- a) The “Golf Facilities” consisting of:
 - a 27-hole Robert von Hagge Design golf course; and
 - golf practice complex including a driving range, chipping green, and practice putting green.

- b) The “Family Center” consisting of:
 - one or more tennis/sport courts;
 - parking lots and pathways for the Family Center facilities;
 - one or more volleyball courts;
 - playground;
 - water features such as a fishing instruction pond;
 - dressing and locker areas;
 - fitness center; and
 - a pool, spa and, possibly, other family oriented recreational amenities.

- c) The “Clubhouse Amenities” consisting of:
- a golf pro shop, and locker rooms for both ladies and gentlemen;
 - a members’ clubhouse with dining facilities and food and beverage preparation areas;
 - administrative offices; and
 - parking lots and pathways for the members’ clubhouse.

2. The subsection of the Membership Plan entitled “Categories of Membership” within the Section entitled “Description of Membership” is amended by deleting the paragraph (and subparagraphs) describing the Unit Membership, and inserting the following in its place:

Unit Membership. Each person who acquires a Unit Membership (the “Primary User”) in the Club will be entitled to use all of the Club Facilities, and will be entitled to designate from time to time one individual as the designated member (the “Designated Unit Member”) for each Unit Membership owned. The Designated Unit Member shall be either (i) the Primary User, or (ii) the individual designated by the Primary User. Any individual that is designated by the Primary User as a Designated Unit Member will be entitled to exercise the rights and privileges associated with a Golf Membership for the period of time they are the Designated Unit Member. There may be only one Designated Unit Member at any one time; however, the Primary User may designate a Designated Unit Member from time to time (but not more than one per day) upon written notice to the Club on a form acceptable to the Club and subject to, and otherwise in accordance with the rules, regulations and policies of the Club. The Club may assess a designation fee based on the costs associated therewith such as temporary identification cards and administration, the number of designations during certain times, such as quarterly, semiannually or annually or such other matters deemed appropriate by the Club.

- The number of Unit Memberships available for issuance will be determined by the Club, in its sole discretion, subject to the restriction that the total number of Unit Memberships may not exceed the maximum limits described below. The Club reserves the right from time to time to offer Unit Memberships only to owners of residential lots or units within certain parcels of the Community as designated by the Club (“Common Interest Development”). Subject to the limitations and restrictions contained in this Membership Plan, an owner may own one or more Unit Memberships.
- Each owner of a Unit Membership will be required to pay dues, fees, and other charges as may be determined from time to time by the Club.
- Designated Unit Members along with Golf Members will be entitled to reserve golf

tee times on a preferential basis ahead of all other categories of membership. The Club reserves the right to establish a preferential system for reserving tee times between the Designated Unit Members and Golf Members.

3. The subsection of the Membership Plan entitled “Categories of Membership” within the Section entitled “Description of Membership” is amended by deleting the paragraph describing the Association Membership, and inserting the following in its place:

Association Membership. “Association Members” in the Club will be comprised of any person (“Single Family Owner”) owning a lot (whether or not a completed residence is constructed on the lot) or residential unit within the Community. Additionally, one (1) Association Membership will be allocated to each dwelling unit that is not located on a lot within a Common Interest Development for use by a Designated Unit Member. An agreement between Torreon Community Association, Inc., the homeowners association for the Community (“Association”) and the Club will allow Association Members to use the Family Center and Clubhouse Amenities of the Club (except that, in the Club’s discretion, the locker rooms in the Clubhouse may be limited to Golf and Unit Members only), but not the Golf Facilities. Each person who has an Association Membership will be entitled to use the Clubhouse Amenities and Family Center (collectively, the “Association Facilities”) upon payment to the Association of its regular assessments, and provided the Association is not in default under its agreement with the Club. The Club may allow, in its sole discretion, the utilization of the Golf Facilities on a limited basis by Association Members, but any utilization of the Golf Facilities by Association Members may require payment of greens fees, golf cart fees, and any other dues, fees, and charges as may be determined from time to time by the Company. To the extent use of the Golf Facilities is permitted for an Association Member, the Association Member may reserve tee times on a non-priority basis as specified in the Rules and Regulations.

4. The subsection of the Membership Plan entitled “Total Number of Memberships” within the Section entitled “Description of Membership” is hereby deleted, and the following is inserted in its place:

TOTAL NUMBER OF MEMBERSHIPS

The total number of Golf, Units and Association Memberships permitted to be issued by the Club is as follows:

- Golf: 585 less the total number of Unit Memberships
- Unit: maximum of 145
- Association: 1500

If an additional golf course is developed in the Community for private use, the number of Golf Memberships may increase by 195 in number for each 9-holes actually built, a

maximum of 48 of which may be allocated to Unit Memberships. The total number of Association Memberships will not increase as a result of the addition of any new golf course.

5. All references in the Plan (including in the subsection entitled “Association Membership” within the Section entitled “Description of Membership” and the paragraph entitled “Association Membership” within the subsection entitled “Categories of Membership” within the Section entitled “Description of Membership,” and the subsection entitled “Association Memberships” within the Section entitled “Family Privileges”) to the term “Designated Unit Golf Member” or “Unit Owner/Guest” is hereby amended to be instead “Designated Unit Member.”

6. The subsection entitled “Designation of Designated Unit Golf Members” within the Section entitled “Description of Membership” is hereby deleted.

7. The subsection entitled “Guest of Unit Members” within the Section entitled “Guest Privileges” is hereby deleted, and the following is inserted in its place:

GUESTS OF UNIT MEMBERS

The Club, in its sole discretion, may permit each Designated Unit Member to also designate up to three (3) individuals (each, a “Unit Member Guest”) as guests so long as the Designated Unit Member and the Unit Member Guests are utilizing the Club under common vacation or occupancy plans (such as, for example, a “guys only,” “girls only,” or “mixed couple” vacation). If the Club determines in its sole discretion to permit such a designation, the Club reserves the right to charge Unit Member Guests a fee for their use of the Club Facilities, which fee may be different than those charged by the Club to accompanied guests or unaccompanied guests of the Club. Unit Member Guests designated by the Designated Unit Member will be entitled to use the Club Facilities in accordance with the Unit Member category of membership. Each Designated Unit Member will be responsible for the conduct of all Unit Member Guests designated by the Designated Unit Member. Designation of an individual as a Unit Member Guest will be applicable only during the term of the individuals’ common vacation, and the time during which any person may remain a Unit Member Guest may not exceed one month unless otherwise approved by the Club.

8. The subsection entitled “Unit Membership Availability” within the Section entitled “Offering of Memberships,” is hereby deleted, and the following is inserted in its place:

UNIT MEMBERSHIP AVAILABILITY

Unit Memberships will be available only to Purchasers or Owners of a residential lot or unit in the Community whose residential lots or units are designated by the Club as being eligible for Unit Memberships and will be allocated as determined by the Club in its sole discretion. Availability of Unit Memberships is not guaranteed and is subject to availability.

9. The subsection entitled “Upgrade of Membership” within the section entitled “Offering of Memberships” is hereby deleted, and the following is inserted in its place:

Each Association Member or Golf Member that owns a residential lot or unit in the Community may at any time upgrade to a Golf or Unit Membership, provided that a Golf or Unit Membership is available and further provided that, with respect to Unit Memberships, such Association or Golf Member owns a residential lot or unit in a parcel eligible for Unit Membership, by surrendering his or her Association or Golf Membership to the Club and paying the difference between the membership deposit which is then in effect for the Golf or Unit Membership and the membership deposit previously paid by the upgrading member for his or her Association or Golf Membership.

10. A new subsection entitled “Refund of Refundable Deposit” is hereby added at the end of the Section entitled “Membership Initiation Fee,” which subsection shall read as follows:

REFUND OF REFUNDABLE DEPOSIT

The Club reserves the right to charge a refundable membership deposit (the “Refundable Deposit”) in addition to the Membership Initiation Fee. Each person who acquires a Golf Membership or a Unit Membership in the Club, and who pays the Club a Refundable Deposit, will be entitled to be repaid the Refundable Deposit, without interest, 30 days after the resignation and reissuance by the Club of the Member’s membership in the Club in accordance with the terms of the Section entitled “Transfer of Membership”; provided that no portion of the Refundable Deposit shall be repaid unless all of the Member’s Membership Initiation Fee and Refundable Deposit are paid in full, and further provided that the refund of the Refundable Deposit shall be subject to setoff against any amounts otherwise owed to the Club.

11. A new subsection entitled “Transfer of Membership to Club” is hereby added at the beginning of the Section entitled “Transfer of Membership,” which subsection shall read as follows:

TRANSFER OF MEMBERSHIP TO CLUB

Except as provided within this Section entitled “Transfer of Membership,” a member may transfer his or her membership only to the Club. When a member resigns from the Club, and if the member has paid to the Club a Refundable Deposit to which he or she is entitled to receive pursuant to this Plan, his or her Golf or Unit Membership will be placed on a waiting list and will be reissued as follows. Resigned Golf and Unit Memberships described in the preceding sentence (i.e., memberships for which Refundable Deposits have been made and are eligible for refund) will be placed on separate waiting lists and will be reissued as Golf and Unit Memberships (as applicable) on a first-resigned, first reissued basis as follows:

- Before 75% of the total permitted Golf Memberships and Unit

Memberships have been issued by the Club, all Golf and Unit Memberships issued will be previously unissued Golf and Unit Memberships (other than a membership which is reissued to the purchaser of a member's residential unit or lot in the Community) and none of the Golf and Unit Memberships issued will be resigned memberships from the waiting lists.

- After 75% of the total permitted Golf Memberships and Unit Memberships have been issued, but before the issuance of all Golf and Unit Memberships, every third Golf and Unit Membership issued (other than a membership which is reissued to the purchaser of a member's residential unit or lot in the Community) will be a resigned Golf or Unit Membership from the waiting list, based on a first-resigned, first-reissued basis, unless there is an insufficient waiting list for the category of membership being resigned, in which case the Club will issue previously unissued memberships for that category. The other two Golf or Unit Memberships issued will be previously unissued Golf or Unit Memberships.
- After the issuance of all Golf and Unit Memberships, every Golf and Unit Membership issued will be reissued from the respective waiting lists (other than a membership which is reissued to the purchaser of a member's residential unit or lot in the Community).

12. The second paragraph of the subsection entitled "Use of Club Facilities for Promotional Purposes" within the Section entitled "Club Operations" is hereby deleted, and the following is inserted in its place:

Outside play will be curtailed when the total number of Golf and Unit Membership reaches 450, and Association Membership in the Club reaches 1200, unless a commitment to build additional golf facilities has been given. If the final 9-holes of a second course has been committed to be built, then outside play may be allowed until the total number of Golf and Unit Membership reaches 600 and Association Membership reaches 1500.

