Montesoro Golf and Social Club

BORREGO SPRINGS, CALIFORNIA

Amenities Membership Frequently Asked Questions

MONTESORO GOLF AND SOCIAL CLUB

AMENITIES MEMBERSHIP FREQUENTLY ASKED QUESTIONS

The following questions and answers are designed to provide you with a starting point in terms of understanding the Montesoro Golf and Social Club the "Club" and the Amenities Membership program. These questions and answers are summary in nature, and it is important that you read and understand the Amenities Application and Agreement, the Declaration of Covenants, Conditions and Restrictions for the Montesoro Amenities, and the Club's Membership Rules and Regulations collectively known as the "Amenities Membership Documents" prior to becoming an Amenities Member.

Q: What is the Montesoro Golf and Social Club?

A: The Montesoro Golf and Social Club is located within the exclusive Montesoro community in San Diego County, California. The Club contains golf, tennis, swimming, fitness, clubhouse and other social and recreational facilities. The Club facilities are available for use by the members of the Club in accordance with the member's class of membership.

The terms "member" or "membership" are descriptive only and these terms provide rights and/or privileges as specifically set forth in the Amenities Membership Documents.

Q: Who owns the Club Facilities?

A: The Club Facilities are owned by Borrego Investors, LLC referred to as the "<u>Club</u> Owner" below.

Q: What memberships are being offered in the Club?

- **A:** The Club Owner is currently offering two basic types of membership:
 - Amenities Membership
 - Golf Membership.

The Club Owner may, from time to time, add or change membership categories. Please note that the Club Owner has the right to change or amend the membership program at its discretion.

Q: How do I become an Amenities Member?

A: To become an Amenities Member, you must own a residence in the Community. You must also complete both the Amenities Membership Application and Agreement and the Declaration of Annexation (which must then be recorded against your residence with the County). Finally, you must be approved for

membership and pay the Amenities Initiation Fee to the Club Owner. In the event your Amenities Application is not approved, the Amenities Initiation Fee will be fully refunded, without interest.

Once you become an Amenities Member, the membership runs with the land and successive owners of your residence must become (or apply to become) an Amenities Member upon their purchase of the residence and will be subject to all applicable fees and dues as set forth in the Amenities Membership Documents (including any transfer fees).

Q: What am I entitled to as an Amenities Member?

A: An Amenities Member is entitled to use of the following "Amenities" (as defined below) in accordance with the Amenities Membership Documents.

Q: What are the Amenities?

A: It is currently outlined that an Amenities Member will enjoy:

The <u>Clubhouse</u> that will_consist of:

- The golf pro shop
- Food and beverage facilities.

The Activities Center that will consist of:

- Tennis Courts
- Swimming pool and Jacuzzi
- Fitness/Exercise Center.

This Amenities Membership excludes the use of the golf course and any golf course related facilities.

Q: Who can use the Amenities?

A: Any Montesoro Amenities Member, their spouse and immediate family (defined as unmarried children under the age of 24 who are living at home or attending school on a full-time basis) may use the facilities in accordance with the Amenities Membership Documents. In addition, the Club Owner may permit additional users of the facilities.

Q: How many Amenities Members may the Club have?

A: There is no maximum number of Amenities Members that can join the Club but membership is limited to property owners at Montesoro.

Q: When will the Clubhouse be completed?

A: The renovated Clubhouse is expected to be completed and open in January 2007. This date is subject to change.

Q: When will the Activities Center be completed?

A: The Activities Center is expected to be completed and open Mid-Year 2008. This date is subject to change.

Q: Is there a cost to become an Amenities Member?

A: Yes. In order to become an Amenities Member, you must pay an Amenities Initiation Fee to the Club Owner. Amenities Initiation Fees are subject to change (up or down) from time to time as determined by the Club Owner.

Q: Are there dues?

A: Yes. Amenities Members are required to pay monthly dues to the Club Owner. Dues will commence at \$50.00 per month. Upon completion of the Activity Center, dues will increase to \$175.00

Q: Are the dues subject to increase?

A: Yes. The Club Owner may increase the dues by up to ten percent (10%) per year.

Q: What is the Declaration of Annexation?

A: The Declaration of Annexation is a recorded document that subjects existing residences in the Community to the Amenities CC&Rs. Recording the Declaration of Annexation against your Residence is required to become an Amenities Member. The Declaration of Annexation runs with the land and binds successive owners to the Amenities CC&Rs.

Q: Will my family members be welcome at the Club?

A: Yes. An Amenities Member and his or her "Immediate Family" (as defined above) and their accompanied guests are entitled to use the Amenities in accordance with the Amenities Membership Documents.

Q: Does membership involve any ownership of the Club or the Club Owner?

A: No. Amenities Memberships are <u>non-equity</u> memberships. Because Amenities Memberships are non-equity, you will not be subject to or required to pay future assessments for Club improvements. Amenities Members have <u>no</u> ownership or control rights in any of the Club Facilities or in the Club Owner.

Q: What if I sell my residence within the Community?

A: Ownership of a residence in the Community is a requirement for all Amenities Members. If you sell your residence within the Community, you will forfeit your Amenities Membership. The purchaser of your residence must become (or apply to become) an Amenities Member upon their purchase of the residence and will be subject to all applicable fees and dues as set forth in the Amenities Membership Documents (including a transfer fees of \$5000.00). Conversely, if you decide to not annex your home into the amenities association you are making a decision for the next person who purchases your home as well. They will not be offered a membership.

Q: What is the refund policy for membership?

A: There are no refunds.

Q: When should I apply for membership?

As an existing homeowner in the Community, you have a one-time opportunity to become an Amenities Member. All Applications, whenever submitted, are subject to eligibility, approval and availability of membership. The deadline for submittal is January 31, 2007

Q: Will there be any food and beverage minimums?

A: No. We believe our menus and food and beverage programs along with our outstanding and attentive service will stand on their own and consequently no minimum will be needed to support the food and beverage operation.

Q: Will renters have access to the amenities?

A: No. Montesoro is an exclusive private community. It will only be accessible to property owners that join the amenities association and their immediate family and accompanied guests.

Q: When will dues billing begin?

A: We are accepting reservations for membership now. Once we have your reservation you will have full access to our amenities (excluding golf unless a golf member) including our naturalist program. Actual dues billing will not start until March 1, 2007.

Q: Who may I contact for more information?

A: Complete details about opportunities for use of the Amenities are available from Beth Divine, who can also answer any questions regarding the Club and its operation. For further information, please contact:

BETH DIVINE MONTESORO GOLF AND SOCIAL CLUB BORREGO SPRINGS, CALIFORNIA PHONE: (760) 767-5000 Ext 2

This document does not constitute an offer to sell or a solicitation of an offer to purchase a membership.

This is a general description of the membership opportunities available in the Club. The information herein is being provided as a starting point and is for informational purposes only. Please do not rely upon this document alone as a basis for a decision to acquire a home or home site in the Community or an Amenities Membership. The complete plan for the offering of Amenities Memberships are set forth in the Amenities Membership Documents and attachments thereto, which should be carefully reviewed and understood prior to making any decision to purchase an Amenities Membership.