

Montesoro Golf and
Social Club
BORREGO SPRINGS, CALIFORNIA

Golf Membership
Frequently Asked Questions

MONTESORO GOLF AND SOCIAL CLUB

GOLF 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 Golf Membership program. These questions and answers are summary in nature, and it is important that you read and understand the Golf Membership Application and Agreement (“Application”), the Club’s Membership Rules and Regulations, and the Golf Membership Policies (collectively, the “Golf Membership Documents”) prior to acquiring a Golf Membership.

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 provide rights and/or privileges specifically set forth in the Golf Membership Documents.

Q: *Who owns the Club Facilities?*

A: The Club Facilities are owned by Borrego Investors, LLC (“Club Owner”).

Q: *What are the Club Facilities?*

A: It is currently outlined that a Golf Member will enjoy:

- The Golf Facilities consisting of:
 - An 18-hole Championship Tom Fazio Design golf course; and
 - A golf practice complex including a driving range, designated chipping area, and practice putting greens.
- The Clubhouse consisting of:
 - The golf pro shop; and
 - Food and beverage facilities.
- The Activities Center consisting of:
 - Tennis courts;
 - Swimming pool and Jacuzzi; and
 - Fitness/Exercise Center.

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 a Golf Member?*

A: To become a Golf Member, you must own a residence in the Community and be an Amenities Member of the Club. Then, you must complete the Application for a Golf Membership. Finally, you must be approved for Golf Membership by Club Owner and pay the New Golf Member Initiation Fee then in effect. In the event your Application is not acted upon favorably, the New Golf Member Initiation Fee will be fully refunded, without interest. If you are accepted for Golf Membership, the New Golf Member Initiation Fee will be held in escrow until the 18-hole golf course is completed.

Q: *When will the Golf Facilities be completed?*

A: The first nine holes of the golf course will be open for play in January 2007. The remaining nine holes of golf are anticipated to be completed and open for play in November 2007.

Q: *When will the Clubhouse be completed?*

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

Q: *Who can use the Club Facilities?*

A: Each person who becomes an Amenities Member of the Club is entitled to use the Clubhouse and Activities Center. Each person who acquires a Golf Membership in the Club must also be an Amenities Member and therefore has access to the Clubhouse and the Activities Center. However, only Golf Members are entitled to use the Golf Facilities.

Q: *How much is a Golf Membership?*

A: The amount of the New Golf Member Initiation Fee is available at the membership office. New Golf Member Initiation Fees are subject to change from time to time as determined by the Club Owner at its sole discretion.

Q: *Are there dues?*

A: Yes. Golf Members are required to pay monthly dues to the Club Owner. Dues will commence at \$350.00 per month. Upon completion of the 18-hole golf course, dues will be increased to \$575.00

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: *How many Golf Memberships will be offered in the Club?*

A: The number of Golf Memberships is set at a maximum level of 375. This number may be changed.

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

A: Yes. Golf Membership entitles the Member and his or her "Immediate Family" (as defined in the Golf Membership Documents) to use the Golf Facilities in accordance with the Golf Membership Documents. In addition accompanied guests of immediate family members after paying the appropriate guest fees may use the Golf Facilities.

Q: *Does Golf Membership involve any ownership of the Club or Club Owner?*

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

Q: *Is there a residency requirement for Golf Memberships?*

A: Yes. A Golf Member must maintain ownership of his/her residence in the Community. Upon transfer of title of a Golf Member's residence, the Golf Member's Membership shall be deemed resigned.

Q: *Is there a refund program for Golf Memberships?*

A: Yes. Subject to the reissuance of a resigned or terminated Golf Membership to a new Golf Member under the Golf Membership Documents, a resigning or terminated Golf Member is entitled to a reimbursement of the New Golf Member Initiation Fee paid by the resigning Golf Member, less any outstanding dues, fees or charges. This means if the buyer of your residence chooses to become a golf member you will get 100% of your initiation money back upon the sale of your residence. If the buyer of your residence chooses not to become a golf member you will be put on a wait list with one refund being issued for every four new memberships until such time that we are sold out of golf memberships. At which time the policy will become one refund issued for each new membership.

Q: *Do the Golf Memberships have surviving family rights?*

A: Yes. Upon the death of a Golf Member, an Immediate Family member designated by the Golf Member in writing to the Club prior to the Golf Member's death shall have 60 days in which to apply to have the deceased Golf Member's Membership transferred to him or her at no charge. If no Immediate Family member is designated, or the designated Immediate Family member fails to timely apply or applies and is not approved, the Golf Membership shall be terminated and placed at the top of any resale waiting list.

Q: *May I use my own golf cart while utilizing the golf facilities?*

A: Either a golf cart from the club owned fleet or an approved member owned cart may be driven while utilizing golf facilities. Approved golf carts will match the color, shape and design of the club fleet and may be purchased at discounted cost from a local dealer. Trade in of your current cart may be available. Please contact the golf shop for details.

Q: *Are carts restricted to cart path only?*

A: Golf carts may be restricted to cart path only for limited times due to grass grow in or inclement weather. Daily cart policies will be posted in the golf pro shop.

Q: *What is the cart fee?*

A: You will have the option of paying \$750 per membership per year for a trail fee or \$15 per person per round of golf.

Q: *When should I apply for a Golf Membership?*

A: In order to apply to be a Golf Member, you must also apply for membership in the Amenities Association. All applications for Golf Membership in the Club, whenever submitted, are subject to eligibility, approval and availability.

Based on current plans for the Club Facilities and the Community, it is anticipated that the number of residential lots and dwelling units developed in the Community will exceed the number of Golf Memberships made available by the Club. Thus, there may not be enough Golf Memberships to assure availability of a Golf Membership for every residence in the Community.

If you delay in applying for Golf Membership, there is no assurance that a Golf Membership will be available when you apply, even if your application is approved. If a Golf Membership is available, there is no guarantee that the New Golf Member Initiation Fee will be the same as the price at which it is currently being offered. Club Owner shall not have any obligation to give advance notice to any person of changes in the New Golf Member Initiation Fee.

Q: *Under what circumstances can the Club repurchase my Golf Membership?*

A: Club Owner has the unilateral right to repurchase any Golf Membership at any time and for any reason for the New Golf Member Initiation Fee originally paid for such Golf Membership.

Q: *Who may I contact for more information?*

A: Complete details about opportunities for use of the Club Facilities 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 Golf Membership.

This is a general description of the membership opportunities available from Montesor Country 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 a Golf Membership. The complete plan for the offering of Golf Memberships in Montesor Country Club are set forth in the Golf Membership Documents and attachments thereto, which should be carefully reviewed and understood prior to making any decision to purchase a Golf Membership.