

I'ON CLUB

Rules, Guidelines and Policies

*I'On Club, LLC, a South Carolina limited liability company ("**the Club**"), has established the following rules and guidelines ("**Guidelines**") to govern the use of the facilities known as the I'On Club ("**Facilities**") and to promote the health, safety, welfare, and enjoyment of all persons using the Facilities. The Club may, amend these Guidelines from time to time. These Guidelines shall apply to all persons using the Facilities, whether a member, designee, other authorized user, or guest. Capitalized terms used in these Guidelines shall be defined as set forth in the Membership Policies for The I'On Club ("**Policies**"). The Club's executive director or club manager shall be the representative of the Club for purposes of implementing and enforcing these Guidelines.*

1. MEMBERSHIP ADMINISTRATION

1.1. Membership Cards

(a) The Club will issue two (2) complimentary membership key membership key tags per Family and Couple membership account, and one (1) complimentary key tag per Individual membership account. Additional keys may be purchased at the Club discretion for an additional \$25 per key tag. The Club requires membership key tags to be carried at all times while using the Facilities. A membership card may be used only by the person to whom it is issued.

(b) In the event that a membership key tag is lost or stolen, the person to whom it was issued shall immediately notify the Club so that the account may be canceled and a new number and card issued for a replacement fee of \$25 per key tag. The member shall be responsible for all charges placed on the account prior to the Club's receipt of notice of the lost or stolen membership key tag.

1.2. Club Accounts

All food, beverage, and other purchases charged to a member's club account will be billed monthly and charged (if approved) to the credit card provided with the membership application. In the event the provided credit card or bank draft is denied by the financial institution, member shall pay the statement amount immediately. If the amount is not paid immediately and becomes delinquent the Club will charged a \$25 late charge and a service charge on the past due amount at the rate of one and one-half percent (1.5%) per month from the date of the statement until paid in full.

1.3. Notices

(a) Each member shall give written notice to the Club of the member's mailing address to which the Club should direct all notices and invoices.

(b) Each member who owns a home or home site in I'On or Olde Park shall notify the Club in writing within 10 days after the transfer of title to such home or home site.

2. GENERAL CLUB RULES

2.1. Hours of Operation

The Facilities shall be open on the days and during the hours which the Club may establish; provided, portions of the Facilities may be closed for scheduled maintenance and repairs and the Club may restrict or reserve the use of the Facilities from time to time.

2.2. Food and Beverages

Alcoholic beverages will be sold, served and permitted to be consumed on the I'On Club premises only as permitted by applicable law. The Club reserves the right, in its sole discretion, to refuse service to any person who appears to be intoxicated. Any individual purchasing or consuming alcoholic beverages on Club property must be at least 21 years old. All food and beverage brought to the Club must be in plastic containers – **no glass is allowed on Club property.**

2.3. Advertisements and Solicitations

(a) No person shall post or circulate commercial advertisements on the I'On Club premises or using the I'On Club membership roster without the prior approval of the Club Manager.

(b) No person shall originate, solicit, circulate, or post petitions within the clubhouse or on any other Facilities without the prior approval of the Club Manager.

(c) The roster or list of I'On Club members shall not be used for any purpose other than official I'On Club business, nor given to anyone who is not a member or an employee of the Club for any reason whatsoever.

2.4. I'On Club Personnel and Operations

(a) No person other than the Club and its designees shall supervise, give direction to, or reprimand I'On Club employees. Verbal or physical abuse or harassment of employees will not be tolerated. Any employee not rendering courteous and prompt service should be reported to the Club Manager immediately.

(b) No person shall send any employee off of the I'On Club premises for any reason, request special favors or special services from I'On Club employees, without the permission of the Club Manager.

(c) To facilitate the proper management of the Facilities, all complaints, criticisms or suggestions of any kind relating to any I'On Club operations or personnel should be in writing, signed, and addressed and delivered to the Club Manager.

2.5. Children

(a) Children under 13 years of age are not allowed at the Facilities unless accompanied and supervised by an adult, except as the Club may expressly authorize.

(b) Children under 18 years of age are not allowed to use the Facilities after 10:00 p.m. unless accompanied by an adult.

(c) Children under 18 years of age are not allowed to use the Fitness Rooms unless accompanied by an adult.

(d) Any person who brings a child onto the Facilities is responsible for the child's conduct and safety while on the premises.

2.6. Attire

Shirts and shoes shall be worn at all times on the I'On Club premises, except in the locker rooms and swimming pool area.

2.7. Animals

Dogs (other than Seeing Eye dogs) or other pets are not permitted on the swim and tennis facilities or inside the Creek Club building, except under special circumstances when authorized by the Club Manager. Any person who brings an animal onto the I'On Club premises is responsible for any damage caused by the animal (including fecal deposits).

2.8. I'On Club Property

No person shall remove any I'On Club property or furniture from the I'On Club premises or the area in which it belongs without permission of the Club Manager.

2.9. Smoking

Smoking is not permitted at the Facilities.

2.10. Fireworks

No fireworks are permitted anywhere on the I'On Club premises except as part of a fireworks exhibit organized and conducted by the Club.

2.11. Weapons

No firearms or other weapons of any kind are permitted on the I'On Club premises at any time.

2.12. Non-Discrimination Policy

The Club, its employees, and persons organizing any membership activity or event on the Club premises shall not discriminate against any individual because of the individual's race, religion, creed, color, sex, national origin, age, physical disability, or marital status.

3. SPECIAL EVENTS, BANQUETS AND PRIVATE PARTIES

3.1. Special Events

(a) The Club may from time to time require reservations for special events.

(b) Notice of changes to or cancellations of reservations must be given at least 48 hours in advance for special events or the Club may charge a no-show fee to the member.

3.2. Meetings, Banquets and Private Parties

Any person desiring to use a banquet or meeting room for any purpose must obtain prior approval of the Club. Members, their designees, and such other persons as the Club may authorize, may reserve portions of the Facilities for meetings, banquets and private parties, subject to availability, the Club's approval, and such terms, conditions and payment of such fees as the Club may establish. Reservations for banquets should be made at least three (3) weeks in advance. A deposit, to be determined by the Club, is required for a banquet reservation at time of booking and is not refundable unless the Club is notified in writing of cancellation at least 90 days prior to the scheduled event. An additional non-refundable deposit in the amount of 50% of the total estimated charge for the event shall be due 14 days in advance of the event.

4. GUEST POLICIES

4.1. Guest Registration and Fees

Members are responsible for registering their guests, obtaining guest passes, and paying applicable guest fees prior to allowing their guests to use the Facilities. The sponsoring member shall be responsible for paying guest fees for issuance of guest passes in such amounts as the Club may establish, which fees may vary according to the type of guest pass issued. All guest fees and charges incurred by a guest shall be charged to the member's club account and the member shall be responsible for payment thereof, except as the Club may otherwise agree in the case of long-term guests.

4.2. Day Guests

Except as may otherwise be authorized in a member's Membership Agreement:

(a) A member may sponsor a maximum of four (4) day guests for use of the Facilities at a time, unless otherwise approved by the Club;

(b) Persons 18 years of age or older, who reside within the Charleston Tri-County area, may use the Club Facilities as a day guest up to six (6) days in any 12-month period, whether sponsored by one or more members, for a fee of \$5 per day and \$10 per day for tennis privileges. This fee will be charged to the sponsoring member(s) account. Children 17 years of age and under may use the Club Facilities as a day guest an unlimited number of days in any 12-month period. All guests must sign in at the Clubhouse prior to using the facilities. Failure to do so may result in a loss of guest privileges for sponsoring member(s); and

(c) The Club reserves the right to limit the number of day guest passes which it issues during busy periods and peak hours of use.

4.3. House Guests.

Resident Members may register and obtain house guest passes for their guests while such guests are staying overnight in the home of the member for two (2) or more consecutive nights, not to exceed a maximum period of two (2) weeks per guest in any year unless otherwise authorized by the Club Manager. The member may continue to enjoy the privileges of membership while any house guest passes are outstanding. The Club may limit the number of house guests that each member may sponsor in any specified period and may charge an

administrative fee for issuing a house guest pass in addition to guest fees at the accompanied or sponsored guest rate, as applicable. Except as the Club Manager may otherwise authorize, all house guests must be accompanied by the sponsoring member or an authorized user of the sponsoring member's membership when using the Facilities.

4.4. Long-Term Guests.

A Resident Member who leases his or her qualifying home in the Communities in accordance with Section 1.6 of the Policies may register and obtain a long-term guest pass for the tenant during the term of the lease. The Club may charge an administrative fee for issuing a long-term guest pass, in addition to guest fees, which shall be charged at the accompanied guest rate. The member's privileges shall be suspended while a long-term guest pass is outstanding.

4.5. Identification.

Guests shall carry their guest passes at all times when using the Facilities. The Club reserves the right to request picture identification from guests at any time while on the Club premises.

4.6. Conduct.

All guests are expected to comply with these Guidelines and all other policies established by the Club. Any guest who, in the reasonable determination of the Club, is not in compliance, or whose conduct is disruptive, abusive, or otherwise inconsistent with the standard of conduct expected from members, may be asked to surrender his or her guest pass and leave the l'On Club premises. The sponsoring member or designee shall be responsible for the conduct of his or her guests while on the l'On Club premises.

5. TENNIS GUIDELINES

5.1. Hours of Play.

The hours of play on the tennis courts shall be posted at the tennis facility. Use of the tennis courts shall be subject to the control of the tennis staff at all times. The tennis staff shall determine the suitability of the courts for play. Courts will be closed when necessary for maintenance operations, when dictated by safety considerations, or under adverse weather conditions. The tennis staff may reserve the courts for special events approved by the Club.

5.2. Court Times.

(a) Court reservations may be made by phoning or visiting the designated tennis check-in area. Court reservations can be made no more than 24 hours in advance. No standing reservations will be accepted.

(b) Court reservations will be held for fifteen (15) minutes from scheduled start time. After this time, the reservation may be released and given to another member.

(c) Singles and doubles may play on a court for two (2) hours, except for certain times designated by the Club or the tennis staff.

(d) Any person with a reserved court time shall notify the staff at the designated tennis check-in area of any cancellation as soon as possible. Players who do not use and fail to cancel a court time at least one (1) hour prior to the reserved time may be charged a fee as the Club determines.

5.3. Registration.

All players must check-in and register at the tennis shop at least ten (10) minutes prior to their court time or the court will be released to the first name on the waiting list.

5.4. Tennis Attire.

Proper tennis attire, as determined by the tennis shop, is required at all times for all players. Colors are permitted, but tee-shirts with graphic designs, undershirts, fishnet shirts, cutoffs, bermuda shorts, jams, blue jeans, bathing suits, gym shorts, slacks, and walking shorts will not be considered proper tennis attire and are not permitted. Regulation tennis shoes are required. The tennis shop staff may ask improperly dressed players to change before playing.

5.5. Rules of Play.

(a) The Rules of Tennis of the U.S.T.A. shall apply at all times, except when modified by local rules or by any of the rules herein.

(b) At the end of their playing period, players must promptly relinquish their court to the next players and check-out with the tennis shop .

5.6. Court Etiquette.

Proper tennis etiquette shall be observed at all times. Excessive noise, racquet throwing, or profanity will not be permitted at any time. Trash and other litter must be deposited in the proper receptacles.

5.7. Lessons.

No person may offer tennis lessons on the l'On Club premises to anyone other than a member of their own family without the prior approval of the Club.

6. POOL GUIDELINES

6.1. Operating Hours.

The Club will post regular operating hours for the pool.

6.2. Registration.

Members and authorized users must register themselves and all guests upon entering the pool area.

6.3. Swim Attire.

All swimmers must wear bona fide swim attire. Cutoffs, dungarees, and bermuda shorts are not considered appropriate swimwear.

6.4. Pool Use.

(a) Children under 13 years of age are not allowed in the pool area unless accompanied and supervised by a responsible adult. Children between the ages of 10 and 12 may use the pool unaccompanied only if they have passed a swim test administered by the Aquatics Director.

(b) Swimming is at the swimmer's own risk. **Diving is strictly prohibited.** Elevated dive blocks are for competitive swimming program use only.

(c) Showers are required before entering the pool to remove all oils and suntan lotions.

(d) Glass objects, drinking glasses, and sharp objects are not permitted in the pool area.

(e) Radios may be used in the pool area at a low volume or with earphones.

(f) Food is allowed only in designated areas of the pool facilities. No food or drink is allowed in or around the edge of the pool. No chewing gum is permitted in pool area.

(g) Private parties may be held in the pool area only with approval of the Club. Reservations and payment of an event deposit are required at least two (2) weeks in advance of any private party.

(h) Only US Coast Guard approved personal floatation devices with crotch restraints or noodles are allowed in the pool. Rafts and other inflatable devices are prohibited at the pool.

(i) Pool users shall obey the pool staff at all times. Pool staff has the authority to enforce the pool rules and supervise the general conduct of pool users.

(j) Running is prohibited in the pool area.

(k) There is a ten (10) minute pool break & adult swim at the end of every hour.

(l) All children who are not potty trained must wear a swim diaper. If you do not have a swim diaper, you may purchase them in the Pro Shop or Snack Bar. No public changing of children. Please use the changing tables in the locker rooms.

(m) No pushing, horseplay or foul language will be permitted.

(n) Non swimmers must stay in the shallow water.

(o) No people under the influence of alcohol or drugs are allowed in the pool.

(p) No one will be allowed in the pool with poison ivy or oak, open wounds, or athletes' foot.

(q) Please do not, under any circumstance, contradict the lifeguard by telling your child they may behave in a way that is inconsistent with the l'On Club's Pool Rules.

7. TYPES OF MEMBERSHIP AND USE PRIVILEGES

7.1. Privileges of Membership.

Membership entitles the authorized users of the membership (as described in Section 1.4) to:

- use all of the fitness, swim and tennis facilities generally available for use by members;
- reduced rental rates for rental of meeting and banquet rooms for meetings and special events;
- advance reservation privileges for tennis court times;
- the opportunity to participate in social activities and events; and
- priority sign-up privileges and discounts for programs, lessons and classes sponsored by the Club.

Use and access is limited to operating hours and subject to availability and, except as otherwise specifically stated above, payment of such charges as the Club may establish from time to time.

7.2. Classes of Membership.

Initially, there shall be two classes of membership in the l'On Club, as follows:

Resident Membership. Any owner of a home or homesite in l'On, or in the neighboring residential community known as Olde Park described in that Agreement dated December 30, 1999, between The l'On Company and GR, LLC ("**Olde Park**"), or has paid the established fee(s) to become eligible for a Resident Membership, is eligible to apply for Resident Membership, except the Club may, in its discretion, limit such eligibility to only those owners who apply within 60 days after taking title to such home or homesite, whether acquired from the original developer or otherwise. Notwithstanding any such limitation, so long as there are fewer than 114 Resident Memberships outstanding to owners in Olde Park, any property owner in the Olde Park Development shall be eligible to apply for Resident Membership, regardless of whether such property owner applies within 60 days after taking title to his home or homesite in Olde Park; however, the Club shall have no obligation to issue more than 114 Resident Memberships to property owners in Olde Park.

Only one Resident Membership may be issued and outstanding for any one home or homesite and may be issued only in the name of a person or entity holding record title to the qualifying home or homesite in l'On or Olde Park (hereafter, the "**Communities**"). If title to the qualifying home or homesite is held in joint names, up to two adults holding such title and residing in the same household may hold a membership in their joint names, and in such case each named member shall be jointly and severally responsible for the obligations of the membership hereunder. If a Resident Membership is issued in joint names or in the name of a corporation or other legal entity, the member(s) shall designate in writing to the Club one individual who is at least 18 years of age and approved by the Club ("**Designee**") to exercise the privileges of the membership, subject to the right to extend such use privileges to other authorized users by electing to pay dues in the Family dues category as provided in Section 1.4 below. In the case

of a membership held in joint names, the Designee must be one of the named members. Such designations may be changed no more than once in any 12-month period, subject to approval of the Club and payment of such change fees as the Club may establish.

Resident Membership is not subject to recall by the Club, but will be deemed resigned if the member ceases to meet the eligibility requirements to hold the membership, subject to the right to convert to another category of membership for which the member is eligible, if available, pursuant to Section 3.1, and subject to the rights upon resignation described in Sections 3.2 and 3.4.

In addition to the use privileges and benefits of membership listed above, a Resident Member who transfers title to his home or homesite in the Communities may resign and arrange for the Club to reissue his membership to the new owner of such home or homesite as provided in Section 3.2, without regard to any waiting list which may then exist, provided the new owner applies for such membership and pays the required transfer fee within 60 days after taking title to such home or homesite.

Invitational Membership. The Club may offer the opportunity to apply for Invitational Memberships to individuals who are not eligible for Resident Membership. Invitational Memberships are subject to recall by the Club on not less than 60 days' prior notice to the Member. Invitational Members may not use the l'On Club's boat ramp for the loading and unloading of boats with a trailer.

7.3. Availability of Memberships.

The total number of memberships which may be issued and outstanding at any time shall be determined in the sole discretion of the Club, taking into account the capacity of the facilities and their level of use. If the Club determines the l'On Club is at capacity and there are no further memberships available at the time of application by an owner in Olde Park, then so long as there are fewer than 114 Resident Memberships outstanding to owners in Olde Park, the Club shall recall Invitational Memberships as needed to make Resident Membership available to any owner in Olde Park who has applied, is approved, and pays the required Initiation Fee for Resident Membership.1.4.

7.4. Authorized Users; Exercise of Privileges.

Authorized Users. The use privileges of Resident and Invitational membership extend to the member or Designee of a member which is a legal entity and such other persons, if any, as may be authorized under the dues category selected by the member or Designee from the following:

Individual - Paying dues in the Individual dues category entitles only the member or Designee to enjoy the use privileges of the membership.

Couple - Paying dues in the Couple dues category entitles only the member or Designee and one other adult designated in writing by and residing in the same household with the member/Designee, to enjoy the use privileges of the membership.

Family - Paying dues in the Family dues category entitles the member or Designee, one other adult designated in writing by and residing in the same household with the member/Designee, and the dependent children of each under the age of 23 who either reside with the

member/Designee or attend college on a full-time basis, to enjoy the use privileges of the membership as described in Section 1.1.

Resident and Invitational Members shall elect a dues category at the time of application. Thereafter, a member may change such election no more than once in any 12-month period by written notice to the Club. The use privileges of a Corporate Membership may be extended to those persons authorized in the Corporate member's membership agreement. The initiation fee and dues for Corporate membership may vary depending on the number of users authorized in the Corporate member's membership agreement.

The Club may issue membership cards to all members and authorized users and may require that they be carried at all times while using the Facilities and presented upon request. Membership cards are not transferable.

Use of the Facilities by all members and their authorized users is subject to these Policies and Guidelines. Each member is responsible for ensuring compliance with these Policies and Guidelines by the member's authorized users and guests.

Designees of Members. All Designees must submit a completed application for Designee status and are subject to Club Operator's approval. A member other than a Corporate member may not change its Designee, except that, upon death of the Designee, such Designee status may be transferred to the Designee's surviving spouse, if any, in the same manner as provided in Section 3.2 in the case of death of a member.

7.5. Guests.

A member may sponsor guests to use the Facilities upon payment of applicable guest fees and such other charges as the Club may establish. All guests, unless otherwise specified by the Club, must be accompanied by the sponsoring member or an authorized user of the sponsoring member when using the Facilities. The Club reserves the right to limit the number of guests that members and their authorized users may sponsor and to limit the number of times a particular individual may use the Facilities as a guest.

7.6. Assignment of Privileges to Tenants.

Upon notice to and approval by the Club, a Resident Member who leases his or her home in the Communities to the same tenant for a period of six months or longer may temporarily assign all of his or her use privileges to the tenant for the term of the lease, not to exceed two such assignments in any 12-month period. The tenant's use of the Facilities shall be subject to payment of applicable long-term guest fees and other charges as the Club may establish. The Club may require the tenant to pay all charges with cash or credit card at the time they are incurred. During the term of the member's temporary assignment of his or her use privileges to the tenant, the member and the member's authorized users may not use the Facilities; the member may not divide use privileges by assigning some privileges to the tenant and reserving some privileges to himself. The member may terminate the assignment of membership privileges prior to the expiration of the lease by providing written notice to the Club. The member shall be responsible for any delinquent or unpaid charges incurred by the tenant and shall continue to pay dues and other periodic charges during the term of the assignment.

7.7 Membership Status Upgrades

A Member may choose to upgrade their membership (i.e. from an Individual Membership to a Family Membership) at any time during their commitment to the Club. Each Membership upgrade requires a six month commitment before changing back down to the original Membership status.

8. FINANCIAL OBLIGATIONS OF MEMBERS

8.1. Fees.

Types of Fees. Membership shall be subject to payment of a non-refundable Initiation Fee, periodic dues, such other fees and charges as the Club may establish from time to time. The Club shall publish a schedule of current fees, dues, and charges, which shall be subject to change from time to time in the Club's sole discretion. Except as these Policies or the membership agreement between a member and the Club may otherwise specifically provide, all membership fees paid by a member are non-refundable.

Payment. The applicable Initiation Fee required for membership shall be due and payable to the Club in full prior to issuance of the membership, except as the Club may otherwise agree and set forth in the member's membership agreement. Members shall pay to the Club all other fees, dues, and charges in such amounts and at such times as the Club may establish. Unless the Club otherwise specifies, all dues shall be annual dues based on a membership year commencing January 1 and ending December 31, but shall be payable in equal monthly installments in advance on or before the first day of each calendar month. Members shall be primarily responsible for and shall be billed directly for any fees and personal charges which their authorized users and guests incur.

The Club may require club accounts to be paid through a charge account service with a bank or other financial institution. In such event, the Club shall bill the member's charge account monthly for the current month's dues and all fees and other charges incurred by the member and the member's authorized users and guests during the preceding month.

8.2. Assessments.

Members shall not be subject to special assessments to cover operating deficits (periodic dues, fees and other charges are not considered assessments and may be used for such purposes as Club Operator determines in its sole discretion). Members shall not be subject to special assessments for capital improvements unless the capital improvement assessment is approved by a majority of the members who will be subject to the special assessment and by the Club.

8.3. Delinquencies.

In the event that a member's club account is more than 30 days past due, or the member repeatedly fails to pay amounts due to the Club when due, the Club may suspend or terminate the member's charge privileges, revoke the privilege of paying annual dues in monthly installments and require the member to pay the balance of the annual dues for such year in full immediately, impose late charges, charge interest on the amount past due until paid at a rate

determined by the Club (not to exceed 18% per annum on the past due amount), and, bill the entire past due amount plus late charges and interest accrued thereon to the member's credit card account. In addition, subject to the procedures set forth in Section 4.1, the Club may suspend the membership privileges of the delinquent member and all authorized users of the member's membership or terminate the delinquent member's membership. The Club shall be entitled to collect from the delinquent member all costs and expenses reasonably incurred by the Club in attempting to collect the delinquent amounts, including attorneys' fees and court costs, whether or not suit is filed.

8.4. Inactive Status.

In the event that a member in good standing suffers from a debilitating illness or injury, as acknowledged in writing by a physician, or has other circumstances which prevent the member's use of the Facilities and participation in social and other events sponsored by the Club for an extended period of time, the member may submit a written request to the Club to have his or her membership placed on inactive status. Such request shall explain the circumstances warranting inactive status and, if due to illness or injury, shall be accompanied by a letter from the member's physician. If the Club determines, in its sole discretion, that a request for inactive status is appropriate under the circumstances, the member's membership shall be placed on inactive status for a period of six months.

During the period that any membership is on inactive status, the member shall pay dues at 25% of the regular dues rate for the member's class of membership. Neither the member nor the authorized users of the membership shall be entitled to use the Facilities or participate in member events or programs.

The Club shall have no obligation to grant or extend inactive status under any particular circumstances. If a determination is made to grant inactive status to any membership, all outstanding balances on the member's account must be paid in full as of the date upon which inactive status begins. Any delinquency in payment of dues and other charges on the member's account while on inactive status are grounds for termination of inactive status.

Upon written request of the member prior to the end of any 6-month period on inactive status, the Club may consider extending such inactive status for an additional six months. Upon a determination by the Club that the member's circumstances warrant an extension of inactive status, the inactive status can be extended for an additional six-month period.

A member whose membership has been placed on inactive status may request that the membership be returned to active status at any time, in which event the member shall be responsible for full dues and shall be entitled to full privileges of the category of membership held as of the first day of the month in which such membership is returned to active status.

8.5 Non-Resident Status

In the event that a member in good standing moves from the Tri-County (Charleston, Berkeley, or Dorchester County) area, then that member may apply in writing for temporary non-resident status. To be approved for non-resident status, a member must have verifiable evidence of residency outside the tri-county area for a period of not less than three (3) months, must provide a forwarding address for this period, may not use the Club or any of its facilities during non-residency, and may only exercise the status one time per 12-month period for a period not in excess of six (6) months. Member shall specifically state the dates on which non-residency

status is requested. Dues shall become payable at the full current rate following these dates unless member has requested in writing an extension of non-resident status, but in no event shall the period extend beyond six months.

During the period that any membership is on non-residency status, the member shall pay dues at 25% of the regular dues rate for the member's class of membership.

The Club shall have no obligation to grant or extend non-residency status under any particular circumstances. Non-residency status shall be subject to recall by the Club at the Club's sole discretion. Should the member on non-resident status fail to activate the membership within thirty (30) days of written notice from the Club of its recall, then the Club shall be entitled to terminate the membership agreement immediately. If non-resident status is granted to any membership, all outstanding balances on the member's account must be paid in full as of the date upon which non-residency status begins. Any delinquency in payment of dues and other charges on the member's account while on non-residency status are grounds for termination of non-residency status.

A member whose membership has been placed on non-residency status may request that the membership be returned to active status at any time, in which event the member shall be responsible for full dues and shall be entitled to full privileges of the category of membership held as of the first day of the month in which membership is returned to active status.

9. CONVERSION, TRANSFER AND TERMINATION OF MEMBERSHIPS

9.1. Change in Class of Membership.

Any Resident Member who ceases to be eligible to hold such membership may apply to convert to an Invitational Membership, subject to availability, on such terms and conditions and upon payment of such Fees as the Club may establish. Any Invitational Member who acquires title to a home or homesite in the Communities may apply to convert to a Resident Membership, subject to availability, on such terms and conditions and upon payment of such membership fees as the Club may establish. Any member who has previously paid an Initiation Fee is entitled to a credit toward the prevailing Initiation Fee, respectively, for the desired class of membership in the amount previously paid.

9.2. Transfer of Memberships.

General. Except as specifically provided in these Policies or in the member's Agreement, memberships are not transferable except to and by the Club and any other attempt to transfer a membership shall be void and of no effect.

Death. Upon the death of an individual member or the Designee of a Resident member which is a legal entity, the surviving spouse, if any, shall have 60 days within which to apply to have the deceased member's membership or the deceased Designee's status transferred to him or her at no charge. If there is no surviving spouse, or upon failure of a surviving spouse to apply to have such membership or Designee status transferred within such 60 day period, the membership shall terminate (subject to such rights, if any, as may apply to the membership upon voluntary resignation pursuant to Sections 1.1 and 3.4). In any case, a deceased member's estate shall be responsible for payment of all dues and charges on the member's account until Club Operator has received written notice of resignation of such membership or a

written request for transfer of such membership as provided in this paragraph.

Separation; Divorce; Termination of Cohabitation or Co-ownership. If a membership is issued in only one name and the member is legally divorced from his or her spouse, then the membership shall remain with the member (i.e., the spouse named in the membership agreement), unless otherwise specified in the order of the court decreeing such divorce. However, if title to the member's property in the Communities is transferred to the member's former spouse and the member consents in writing, the former spouse may apply to have the member's membership transferred to him or her. Such application must be made within 30 days of the court order granting the divorce and must be accompanied by the written consent of the member.

In the event that members who hold a membership in their joint names are legally separated, divorced, cease to reside in the same household, or cease to be co-owners of a home or homesite in the Communities:

(a) the membership shall vest in the member entitled to the membership pursuant to written agreement, divorce decree, or court order, if the members do not own a home or homesite in the Communities; or

(b) the membership shall vest in the member who receives title to the home or homesite, if the members (or either of them) do own a home or homesite in the Communities and one transfers his or her interest in such home or homesite to the other; or

(c) the membership shall vest in the member who is entitled to occupy the home pursuant to any written agreement, divorce decree or court order, if the members own a home in the Communities and title to such home continues to be held in their joint names.

In each of the foregoing cases, the rights of the other member in and to such membership shall terminate upon the occurrence of the event described above; however, both members shall remain jointly and severally liable for the payment of all dues and fees and associated with the membership until the Club has received written notice of the event giving rise to termination of one member's rights.

Sale of Resident Member's Home in the Communities. A Resident Member who transfers title to his or her home or homesite in the Communities may, by written notice to the Club prior to closing of such transaction, resign the membership and arrange for the Club to make Resident Membership available to the new owner of such home or homesite, without regard to any waiting list for memberships then in effect. Such option shall be available only if the new owner applies for Resident Membership not later than 60 days after taking title to the terminating member's home or homesite, is approved by the Club, and pays to the Club the transfer fee then being charged for Resident Membership in full within 10 days after receipt of notice of such approval. Any dues paid in advance shall be prorated as of the date of such termination.

9.3. Termination of Memberships.

Voluntary Resignation. A member may voluntarily resign his or her membership by written notice to the Club at least 60 days prior to the end of any membership year. Such resignation shall be effective as of the end of the membership year in which such notice is received unless the member requests and the Club approves a later effective date. The resigning member may

continue to enjoy the privileges of such membership through the effective date of such resignation.

Other Events of Termination. In addition to the foregoing, a member shall be deemed to have resigned his or her membership and such membership shall automatically terminate upon occurrence of any of the following events:

(a) upon the member ceasing to meet the eligibility requirements for the class of membership held (in the case of a membership held in joint names, if either member continues to satisfy such eligibility requirements, only the rights of the member who ceases to meet them shall terminate);

(b) upon the death of a member, or upon the death of the Designee of a Resident Member that is a legal entity, leaving no surviving spouse, or on the 60th day following the death of such a member or Designee who has a surviving spouse unless the surviving spouse has applied to have the membership or Designee status transferred to him or her within the 60-day period following the member's or Designee's death;

(c) in the case of a member which is a legal entity, upon dissolution of the entity or upon such entity ceasing to be actively engaged in business;

(d) in the case of a membership subject to recall pursuant to Section 1.2, upon the effective date of the Club's recall of the membership, which date the Club shall specify by not less than 60 days' written notice to the member;

(e) upon expulsion of the member pursuant to the disciplinary procedures set forth in Section 4.1.

Rights and Obligations upon Termination. Upon termination of a membership, the member shall return to the Club the membership certificate and all membership cards issued to the member and his or her authorized users. Members shall be responsible for all dues, fees, and other charges accrued or incurred on such member's account through the effective date of voluntary resignation or the date of receipt by the Club of notice of any other event of termination and until the Club has received all membership cards. A member shall have no right to any refund upon termination of.

10. GOOD STANDING; DISCIPLINE

10.1. Good Standing.

A member or authorized user shall cease to be in "good standing" upon the occurrence of any of the following:

(a) failure to pay to the Club any fees, dues, or other charges, or any installment thereof, on or before the due date;

(b) failure to accompany a guest if and when required while using the Facilities;

(c) resignation or other termination of the membership by which the member or authorized user was entitled to use the Facilities;

(d) violation of these Policies or the Guidelines;

(e) conviction of a felony or of any crime involving moral turpitude, or a determination by the Club that the person was convicted of a felony or such a crime prior to issuance of his or her membership and failed to disclose such conviction prior to approval by the Club; or

(f) commission of any act which the Club determines to be detrimental to or likely to endanger the welfare, safety, harmony or good reputation of the Club, the l'On Club, or any member or authorized user.

10.2. Discipline.

Sanctions. If the Club determines, in accordance with the procedures set forth below, that any member, corporate designee or authorized user is no longer in good standing, the Club may impose such sanctions as it deems appropriate. Such sanctions may include, but need not be limited to, monetary fines, reprimand, temporary suspension of membership privileges, or expulsion and termination of membership. Any temporary suspension of membership privileges shall be for such period as the Club deems appropriate. A suspended member or authorized user shall remain fully liable for all dues, fees, and other charges accruing during any period of suspension.

The Club's determination that an authorized user is not in good standing shall be cause for suspension or termination of the authorized user's privilege of using the Facilities but shall not affect the privileges of the member or its other authorized users. The Club's determination that a Corporate member's designee is not in good standing shall be cause for suspension or termination of the privileges of the designee and the designee's authorized users, but shall not affect the privileges of the Corporate member. Suspension or termination of a member's rights due to a the Club's determination that the member is not in good standing shall also suspend or terminate all rights of the member's designee and authorized users.

A person whose use privileges are suspended or terminated pursuant to this Section shall not be entitled to use the Facilities as the guest of another member or otherwise. A member who has been expelled shall be deemed to have resigned his or her membership pursuant to Section 3.3.

Notice and Hearing. The Club shall not suspend or terminate the rights of a member, its designee (if applicable) or any authorized user without prior notice to the member (and member's designee, if applicable) specifying the basis for a belief that the member, its designee, or other authorized user is not in good standing, and an opportunity for a hearing on the matter.

If the member, its designee or authorized user requests a hearing in writing within 10 days after receipt of such notice, the Club shall set a time and date for a hearing and shall provide at least 10 days' prior written notice thereof to the member. The hearing shall be held before a committee comprised of such persons as the Club may designate, who may but need not be members. At such hearing, the member, its designee or authorized user may make a statement and present any evidence or witnesses supporting the position that such person remains in good standing or should not be sanctioned. The general policy of the Club shall be that neither the Club nor the charged person shall have counsel present at any such hearing; provided,

however, should the charged person desire to have counsel present at the hearing, he or she shall notify the Club of such preference at least 24 hours in advance of the meeting, and both the Club and the member shall be entitled to have counsel present.

The hearing shall be conducted in accordance with the following:

(a) Only those persons may attend who, in the discretion of the Club, are necessary to afford a complete and impartial hearing.

(b) The Club's appointee, or representative, if any, may present its arguments for sanctions against the charged person. The Club's appointee shall name the complainants and witnesses who are to testify regarding the charged person's conduct and in support of the Club's charges.

(c) The charged person shall have an opportunity to be heard orally or in writing, to present witnesses, produce any statement or evidence on his or her behalf, confront the Club's witnesses, and refute the claims of complainants.

(d) The Club and the charged person each shall be afforded a reasonable opportunity to present relevant matters. The charged person shall have the same amount of time to present its matters and confront the Club's witnesses and complainants as the Club uses to present the matters it deems relevant; however, neither presentation shall exceed one hour, unless the Club, in its sole discretion, determines that more time is necessary to present relevant matters. The amount of time that the Club uses to pose questions to those in attendance shall not be charged against the time allotted to either.

The committee shall notify the alleged violator of its determination and the sanction, if any, to be imposed, within 10 days following the date of such hearing. In the discretion of the Club, membership privileges may be suspended pending the outcome of such hearing.

THE CLUB'S DETERMINATION IN ACCORDANCE WITH THIS SECTION THAT ANY PERSON IS NOT IN GOOD STANDING SHALL BE FINAL.

Notwithstanding the hearing requirement specified above, the Club may immediately suspend the rights and privileges of a member, designee, or authorized user when, in its sole discretion, the Club determines that such person's conduct, if repeated, would pose a threat to the welfare and safety of the l'On Club and its members or that the time period involved in complying with the hearing procedure set forth above would render such hearing procedure ineffective to address or prevent a recurrence of such person's conduct within such time period. In such event, the member, designee, or authorized user involved shall have the right to appeal the suspension to the Club or its designee. To perfect this right, a written notice of appeal must be received by the Club or its designee within 10 days after the date of suspension. If such a suspension is appealed, the Club or its designee shall comply with the applicable notice and hearing procedures set forth above. If such a suspension is not appealed, the Club or its designee shall review the facts surrounding the suspension to determine the length of the suspension or if further disciplinary action is necessary.

11. GENERAL PROVISIONS

11.1. Notices.

Except as otherwise specifically provided in these Policies, all communications (other than regular statements of account) required to be made hereunder shall be in writing and shall be

delivered in person; by United States mail, first class postage or by a reputable commercial courier.

11.2. Amendment.

The Club reserves the right, in its sole and absolute discretion, to amend these Rules, Guidelines and Policies at any time and in any manner it deems appropriate, except that no amendment shall materially adversely affect the use privileges or the rights, if any, to a refund of the Membership Deposit (if applicable) paid upon termination of membership as provided in Section 3.4, of any class of existing members unless approved by a majority of the members in good standing holding such class of membership. Any amendment shall become effective when notice thereof is delivered to the members.

11.3. Assumption of Risk.

In consideration for the privilege of using the Facilities, each person entering upon or using the Facilities agrees:

(a) to accept all risks associated with the use of the Facilities and to release the Club from and indemnify and defend the Club against any and all claims, whether or not based on the acts or omissions of the Club, arising out of or in any way connected with such use of the Facilities;

(b) to assume sole responsibility for their personal safety and the safety of their personal property brought upon, used or stored at the Facilities. The Club shall not be responsible for any loss or damage to any personal property brought upon, used or stored at the Club, whether in lockers or elsewhere.

Each member and designee further agrees to be responsible and liable for any property damage and/or personal injury which he or she causes, or which is caused by his or her authorized users or guests, while on the Facilities, or at any activity or function operated, organized, arranged or sponsored by the Club. In addition, a member who arranges or sponsors any activity or function at the Facilities shall be responsible for any such damage or injury even if such damage or injury was not caused by the member. The cost of repairing any such damage shall be charged to the member's club account.

As used in this Section "the Club" shall include l'On Club, LLC and its members, and the heirs, successors, assigns, officers, directors, and employees of l'On Club, LLC or any of its members, and all persons and entities with whom it is or may in the future become affiliated.

11.4. Legal Expenses.

Should any member or any member's authorized users or guests institute legal proceedings against the Club for any reason and be unsuccessful in obtaining a judgment which is substantially more favorable to the party bringing the suit than to the Club, the Club shall be entitled to recover from such party all costs and expenses incurred by it in the defense of such suit, including reasonable attorney's fees and court costs.

11.5. No Ownership Interest.

No member shall have any ownership or proprietary interest, beneficial interest, or any other vested interest whatsoever in the l'On Club, the Club, or any of the assets of the Club. No

member shall have any right to vote on or approve any matter relating to management or operation of the l'On Club except as specifically provided in these Policies. Membership constitutes only a license to use some or all of the Facilities as set forth in these Policies, as they may be amended from time to time. Membership is offered as an opportunity to obtain the recreational and social benefits of the Club only and should NOT be viewed as an investment or purchased with any view toward or expectation of profit.

11.6. Representations.

No person is authorized to make any representation or provide any information with regard to the l'On Club or l'On Club memberships contrary or in addition to the information contained in these Policies and the Agreements referenced herein.