



SUNSET HARBOUR YACHT CLUB
Slip Into South Beach - Slide Into The Lifestyle

MEMBERSHIP PLAN

SUNSET HARBOUR YACHT CLUB, INC.

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MEMBERSHIP PLAN OVERVIEW

MEMBERSHIP OPPORTUNITY

This Membership Plan and its exhibits (the "Membership Documents") offer you an opportunity to become an equity member in Sunset Harbour Yacht Club, Inc., a Florida not-for-profit corporation (the "Club"). The Club is a private equity membership club, located in Miami Beach, Florida.

MEMBERSHIP CATEGORIES

Each "Equity Member" who acquires an "Equity Membership" in the Club has an ownership interest in the Club and is entitled to vote on matters affecting the Club in accordance with the Membership Documents. Each Equity Member is entitled to use the Club Facilities as provided hereinafter. The Club offers one category of membership: Equity Yacht Club Memberships.

The use privileges associated with membership are more fully described in the Membership Documents.

SPECIAL MEMBERSHIP BENEFITS

In addition to exceptional Club Facilities, membership in the Club currently offers a number of attractive benefits. A brief description of some of these benefits follows and they are described in greater detail in this Membership Plan:

- **Swimming Facilities.** Relax at the Club's swimming pool throughout the year.
- **Refundable Membership Contribution.** Members are entitled to a refund of the membership contribution equal to 95% of the then current membership contribution upon resignation and reissuance of their membership, as provided for in the Membership Plan Documents.
- **Resigned Memberships Reissued Prior to Membership Sell-Out.** Resigned members can have their membership reissued by the Club and receive their refund without waiting for all of the new memberships to be issued by the Club, as provided for in the Membership Plan Documents.
- **Transferability of Memberships to Subsequent Purchaser of Member's Property.** Memberships are transferable through the Club to a subsequent purchaser of the resigning member's residence in Miami-Dade or Broward Counties who desires to acquire the resigning member's slip. Upon approval by

the Club, this individual will not be subject to a waiting list in acquiring the resigned membership.

- **Control of Club Operations and Policies.** Members will be entitled after turnover to elect the members of the Board of Directors, which governs the Club.
- **Ownership Interest in Club.** Each Equity Member has an ownership interest in the Club and is entitled to vote on matters affecting the Club in accordance with the Membership Documents.
- **Immediate Family Privileges.** A member, his or her spouse and their unmarried children, under the age of 23 who are living at home, attending school on a full-time basis or serving in the military are entitled to membership privileges without having to pay additional membership dues.
- **Extended Family Privileges.** The parents, adult children, grandparents and grandchildren of the member and spouse and the spouses of such family members are also entitled to use the Club Facilities upon payment of reduced fees.
- **Inheritability.** Upon the death of a member, the membership can be transferred to his or her spouse, as described further in the Membership Plan Documents.
- **Club Newsletter.** Members will receive a periodic newsletter containing information about events and activities at the Club and other items of interest.
- **Website.** The Club's website located at marineholdingsllc.com provides members with access to important, up-to-date club information.

CAREFULLY REVIEW ALL DOCUMENTS

Every person who desires to obtain a membership should carefully read this Membership Plan and all of the attached or referenced exhibits and should seek professional advice to evaluate these documents. Please refer to the Bylaws and the Club Transfer Agreement for the meanings of terms that are not defined in this Membership Plan.

RELY ONLY ON WRITTEN INFORMATION PROVIDED

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS NOT CONTAINED IN THIS MEMBERSHIP PLAN AND THE REFERENCED DOCUMENTS AND, IF GIVEN OR MADE, SUCH INFORMATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE CLUB. IN THE EVENT OF A CONFLICT BETWEEN THE TERMS OF

MEMBERSHIP CONTAINED IN THE MEMBERSHIP DOCUMENTS ANY OTHER PRINTED MATERIALS, THE MEMBERSHIP DOCUMENTS SHALL GOVERN.

MEMBERSHIPS OFFERED ONLY FOR RECREATIONAL PURPOSES

MEMBERSHIPS AT THE CLUB ARE BEING OFFERED EXCLUSIVELY FOR THE PURPOSE OF PERMITTING PERSONS THE RECREATIONAL USE OF THE CLUB FACILITIES. MEMBERSHIPS SHOULD NOT BE VIEWED AS AN INVESTMENT AND NO MEMBER SHOULD EXPECT TO DERIVE ANY ECONOMIC PROFITS FROM MEMBERSHIP AT THE CLUB.

NO FEDERAL OR STATE AUTHORITY HAS PASSED UPON OR ENDORSED THE MERITS OF THE MEMBERSHIP DOCUMENTS.

APPLICATION PROCEDURES

Each person who desires to become a member must mail or deliver to the Membership Director a fully completed and signed Membership Purchase Agreement, along with a check for the required membership contribution. In the event the agreement is not acted upon favorably, the membership contribution will be fully refunded, without interest.

MEMBERSHIP DIRECTOR AVAILABLE TO ANSWER INQUIRIES

All inquiries regarding membership in the Club or the Membership Documents should be directed to Catherine Wolf at Sunset Harbour Yacht Club, Inc. or by calling (305) 398-6800. You may call or visit the Membership Office, conveniently located at 1928 Sunset Harbour Drive. No appointment is necessary. You may also visit our website at marineholdingsllc.com.

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July 2003

MEMBERSHIP FEATURES AND FACILITIES

INTRODUCTION

The Membership Documents set forth the rights and privileges of membership in the Club.

CLUB FACILITIES

The Club Facilities includes approximately 125 marina slips, most with a secured indoor parking space. Each marina slip is equipped with individually metered electric service, fresh water, telephone, DSL capability, cable, secured dock boxes, a waste pump-out line, except for E Dock, and other boating amenities. Additional Club amenities include an Olympic size pool, air conditioned restrooms and showers, dock attendants, ice, laundry facilities, valet indoor parking, and concierge service. A restaurant and health club are also planned to be added at the Marina. If added, these facilities will be available to both members and non-members.

Area amenities include famous hotels, convention center, Theatre of the Performing Arts, Bayshore Golf Course, tennis, Bayside Marketplace, Miami Heat Arena, Miami Dolphin's new stadium, Miami boatyards, dog and horse tracks, Jai-Alai and Miami International Airport.

The Club may, in its sole discretion, increase or decrease the number of marina slips, as it determines appropriate from time to time. If additional marina slips are added to the Club Facilities, the number of memberships issued in the Club may be increased.

OWNERSHIP OF CLUB FACILITIES

Marine Holdings, LLC, a Florida limited liability company, referred to as the "Company", has arranged for the Club to acquire the Company's interest in the Club Facilities. As a result, the Club now owns or will own the Company's interest in the Club Facilities which have been constructed. In consideration for the transfer of the Company's interest in the Club Facilities, the Company will receive all of the Equity Memberships to be issued in the Club. Control of the operation of the Club will initially be retained by the Company and will ultimately be turned over to the Equity Members on the Turnover Date, as hereinafter provided.

OWNERSHIP OF SUBMERGED LAND

The submerged land over which the marina slips are located is subject to a sovereignty submerged land lease with the State of Florida (the "Submerged Land Lease"). The Submerged Land Lease is for the remaining term of 15 years through June 29, 2018. After the initial term, the Submerged Land Lease is subject to being renewed by the State of Florida. Although there is no guarantee that the Submerged land Lease will be renewed, submerged land leases have been routinely renewed in the past by the State of Florida absent any material breach in the terms of the lease. A copy of the Submerged Land Lease is available for inspection at the membership office.

MEMBERSHIP CATEGORIES AND PRIVILEGES

CATEGORIES OF MEMBERSHIP

The Club is offering one category of membership called Equity Yacht Club Memberships.

The "Equity Yacht Club Membership Program" provides the opportunity to acquire an equity ownership interest in the Club and the exclusive use of a designated marina slip and all of the Club's provided amenities. Each Equity Yacht Club Membership will entitle the member to the exclusive use of a particular marina slip. The Club, which will be owned by its Equity Members, will own the marina and related Club Facilities, subject to a submerged land lease from the State of Florida. All memberships for slips above 40 feet will include one indoor parking space. Members will have the option of acquiring marina slips that can be equipped with boatlifts.

The Club may offer the right to use an additional parking space, if available, to members for an additional amount provided for in the member's Membership Purchase Agreement. Upon resignation of the Equity Yacht Club Membership, the resigning member must also resign his or her parking space(s). Parking spaces cannot be transferred separately from the Equity Yacht Club Membership.

The Club may offer certain other memberships and use privileges as described in the "Other Memberships and Use Privileges" provision in this Membership Plan.

RULES AND POLICIES

In order to enhance the recreational and social pleasure of members and their guests, the Club reserves the right to establish or modify rules, regulations, policies, guidelines, or systems governing access to the Club Facilities.

EQUITY MEMBERSHIP VOTING RIGHTS

On all matters to be voted upon by the Equity Members of the Club, Equity Yacht Club Members are entitled to one vote per membership. The Company is not entitled to vote unissued Equity Memberships which it holds for sale on matters submitted to the vote of the members, except it may vote those Equity Memberships which it has purchased from the Club, as hereinafter provided. The Board of Directors will have the final authority to determine which categories of Equity Members are entitled to vote on matters put to a vote of the members.

LIMIT ON NUMBER OF MEMBERSHIPS

The maximum number of equity memberships permitted in the Club will be equal to the number of marina slips.

The Club may, in its sole discretion, further limit the number of memberships available as the Club determines appropriate from time to time.

FAMILY AND GUEST PRIVILEGES

IMMEDIATE FAMILY PRIVILEGES

A member's immediate family will be entitled to use the Club Facilities on the same basis as the member. A member's immediate family will include the member's spouse and their unmarried children under the age of 23 who are living at home, attending school on a full-time basis or serving in the military.

PRIVILEGES FOR INDIVIDUAL LIVING WITH MEMBER

An unmarried member living together with another individual in the same household as a family unit may designate the other individual on a membership year basis to use the Club Facilities as an immediate family member, upon completion of the appropriate forms provided by the Club. The member and the designated user shall be individually and jointly responsible for the payment of all charges and fees incurred by the designated user. The Club reserves the right to establish such fees and other rules it deems appropriate.

EXTENDED FAMILY PRIVILEGES

A member's extended family will be permitted to use the Club Facilities upon payment of preferred fees. The extended family shall include the parents, children who do not fall within the definition of immediate family, grandparents, grandchildren and great-grandchildren of the member and spouse and the spouses of such family members. The Club may modify or terminate this privilege and establish such rules with respect thereto as it may determine from time to time.

GUEST PRIVILEGES

Members may have guests use the Club Facilities in accordance with the Rules and Regulations of the Club and the Club's guest policies. The Club may limit the number of guests and the number of times a particular guest may use the Club Facilities during each membership year. The member will be responsible for the payment of charges incurred but not paid by his or her guests including any applicable daily guest fees established by the Club from time to time. Members will also be responsible for the deportment of their guests.

OFFERING OF MEMBERSHIPS

OFFERING OF MEMBERSHIPS

Equity Memberships will be offered to such persons as the Club or the Company determines appropriate from time to time. The membership contribution for the Equity

Yacht Club Membership depends upon the size of the marina slip. The marina slip desired, must accommodate the length and width of the vessel, including all appurtenances, as specified by the Marina.

WAITING LIST

If a person desires to acquire a membership and a membership is not available the Club will establish a waiting.

MEMBERSHIP HELD IN NAME OF ENTITY

For the convenience of members, a membership may be held in the name of a corporation, partnership, trust or other form of multiple ownership (collectively, the "entity"). The entity must designate one individual or family who will have the right to use the membership. The entity may change the designated user prior to the start of each membership year in accordance with the rules and regulations of the Club and upon payment of the redesignation fee established by the Club. The designated user must submit such forms as required by the Club and will be subject to the approval of the Club. The designated user must be a bona fide director, officer, partner, shareholder or employee of the entity, or a beneficiary, trustee or settlor of the entity if the membership is held in the name of a trust, and must pay the required dues and charges. No person other than the designated user and his or her immediate family will be entitled to simultaneously use the membership. The Club may establish from time to time the rules governing the designated user of a membership, including a limit on the number of times the designated user may be changed.

MEMBERSHIP CONTRIBUTION

MEMBERSHIP CONTRIBUTION REQUIRED TO ACQUIRE MEMBERSHIP

Persons desiring to be members of the Club must pay the membership contribution established for memberships on the date of application for a membership.

SETTING OF MEMBERSHIP CONTRIBUTION

The membership contribution for all memberships in the Club will be fixed by the Company from time to time at any level it deems appropriate in its sole discretion, until the initial issuance of all of the Equity Memberships. The membership contribution for Equity Yacht Club Memberships which are available for reissuance by the Club will be equal to the membership contribution set by the Company for unissued memberships. After the initial sale of all of the Equity Yacht Club Memberships, the membership contribution will be set by the Board of Directors of the Club as determined from time to time.

To be considered an Equity Member of the Club, the member must pay the membership contribution, within the time period listed in his or her Membership Purchase Agreement. If the member does not pay the membership contribution when due, the

member will not be entitled to any use privileges. In addition, the membership of such person can be terminated, without refund of any membership contribution previously paid. In the event a membership is terminated due to non-payment of the membership contribution, the membership will revert to the Company and not the Club, and the Company may issue the membership to any applicant approved by the Company, in its sole discretion.

REFUND OF MEMBERSHIP CONTRIBUTION UPON TRANSFER OF MEMBERSHIP

A resigning Equity Member is entitled to be paid within 30 days after the reissuance of the membership, an amount equal to ninety-five percent (95%) of the amount of the membership contribution then charged for the resigning member's category of membership.

DEDUCTION OF AMOUNTS OWED

The Club will deduct from any amount to be repaid to the member any amount which the member owes the Club or the Company.

TRANSFER OF MEMBERSHIP

TRANSFER OF MEMBERSHIP THROUGH CLUB

A member may resign his or her membership and arrange for the Club to reissue the membership. Should a member desire to resign from the Club, the member shall be required to give written notice to the Club. Resignation of a member is irrevocable, unless otherwise determined by the Club. A member may not transfer or sell his or her membership directly to any person or entity. All resales must go through the Club.

TRANSFER UPON SALE OF RESIDENCE OR HOMESITE

A member who resigns from the Club upon the sale of his or her residence or homesite in Miami-Dade or Broward Counties may arrange for the Club to reissue his or her membership to the subsequent purchaser of his or her residence or homesite regardless of whether all of the memberships in that category have been issued and regardless of whether there are any resigned memberships on the waiting list. The subsequent purchaser desiring the resigned membership will be required to submit a Membership Purchase Agreement, will be subject to the approval of the Club and will be required to pay the membership contribution which is then in effect. The subsequent purchaser must acquire the membership within 30 days of the real estate closing.

TRANSFER THROUGH WAITING LIST

A resigned membership will be placed on a waiting list and will be reissued as follows, unless the member arranges for the subsequent purchaser of his or her residence or homesite in Miami-Dade or Broward Counties to acquire his or her membership. The

resigned membership will be reissued by the Club to the first person who desires to acquire that particular membership and is approved by the Club for membership.

REPURCHASE OF MEMBERSHIPS UNDER OTHER CIRCUMSTANCES

The Club is not obligated to repurchase a membership under any circumstances, other than the circumstances specifically described in this Membership Plan. The Company or the Club may, in its sole discretion, repurchase a resigned membership, which is not being transferred to the subsequent purchaser of the resigning member's residence in Miami-Dade or Broward Counties, on terms agreed to by the Club and the member. Any membership so purchased shall be added to the Company or Club's reserved memberships.

TRANSFER DURING MEMBER'S LIFETIME

An Equity Yacht Club Member can request the transfer of his or her membership to an adult child or grandchild who is approved for membership in the Club. In order to effectuate a transfer to an adult child or grandchild, the member shall resign the membership and the Club shall pay to the member the amount of the membership contribution previously paid by the member. The adult child or grandchild will then purchase the membership from the Club for the amount of the membership contribution previously paid by the resigning member. The transfer of the membership to an adult child or grandchild shall not be subject to the waiting list.

TRANSFER OF MEMBERSHIP UPON DEATH OF MEMBER

Upon the death of a member, the membership will be transferred to the member's surviving spouse without the payment of any additional membership contribution. The member's spouse is automatically approved for membership in the Club. All others must be approved for membership, including the member's new spouse, if applicable.

Upon the death of a member, the surviving spouse, if any, may elect to: (i) continue the membership privileges without having to pay any additional membership contribution; (ii) resign the membership; or (iii) designate one adult child to acquire the membership, subject to the approval of the adult child for membership in the Club, by giving written notice to the Club within 60 days after the death of the member. Failure of the surviving spouse to elect one of said alternatives within the prescribed time period shall be deemed an election to continue the membership privileges. If there is no surviving spouse, and the deceased member has not designated one adult child as the beneficiary of the membership, the children of the member may designate one adult child to acquire the membership, subject to the approval of the Club. In the event there is no surviving spouse, or the surviving spouse does not desire to continue membership privileges or who is approved for membership in the Club, the membership will be deemed resigned and will be reissued by the Club on the same basis as any other resigned membership, whereupon the membership contribution paid for the membership will be refunded to the estate of the deceased member.

Only one transfer of the membership to an adult child shall be permitted. In order to effectuate a transfer to an adult child, the member's estate or surviving spouse, as the case may be, shall arrange for the Club to transfer the membership to the adult child for no additional membership contribution. The transfer of the membership to an adult child shall not be subject to any waiting lists.

LEGAL SEPARATION OR DIVORCE OF MARRIED MEMBERS

In the event of the divorce or separation of spouses having membership privileges, the membership, including all of its rights and benefits, will vest in the spouse awarded the membership by an agreement of separation or a decree of divorce. Until the award of the membership and written notice thereof is provided to the Club, both spouses will be jointly and severally liable for all dues and charges and may both continue to enjoy membership privileges so long as such amounts are timely paid. The Club reserves the right, in its sole discretion, not to transfer the membership to either spouse if the Club, in its sole discretion, is unable to determine the person who is lawfully entitled to receive the membership. In the case of divorce, if the Club has been unable to determine which spouse is legally entitled to the membership within six months after the date of the divorce decree, the membership shall automatically be deemed resigned.

DUES AND ASSESSMENTS

MEMBERSHIP YEAR

The Club's membership year will constitute the 12 month period commencing July 1 and ending June 30, unless otherwise established by the Club from time to time.

DUES, FEES AND CHARGES

Dues shall be payable on a monthly basis, unless otherwise determined by the Club from time to time. The Board of Directors may set the amount of dues at any level deemed appropriate. The current dues for use of the Club Facilities are indicated on the Schedule of Dues, Fees and Charges. The amount of dues, fees and other charges is subject to change from time to time by the Club.

OPERATING ASSESSMENTS

Members of the Club will not be assessed for operating deficits prior to the Turnover Date. Members will only pay membership dues, fees and other charges established from time to time. After the Turnover Date, the Board of Directors of the Club may find it necessary to make assessments, in addition to dues, to cover any operating deficits which may occur. Any assessments to cover operating deficits will be prorated among Equity Members of the Club based on the amount of dues charged during the year in which the deficit occurs.

CAPITAL ASSESSMENTS

There will be no assessments for capital expenditures unless approved by a majority vote of Equity Members as provided in the Bylaws, except that assessments required to pay "extraordinary repairs or replacements" do not require member approval and may be imposed by the Board of Directors. In the event of any assessment for extraordinary repairs or replacements which is not voted on by the Equity Members, the Company will pay its proportionate share of the assessment based upon the number of unissued Equity Memberships held by the Company. The assessment shall be apportioned among the issued and unissued Equity Memberships in accordance with the terms of the following paragraph. Assessments for capital improvements made prior to the Turnover Date shall be subject to the approval of the Company, in its sole discretion. "Extraordinary repairs or replacements" shall mean repairs or replacements to the Club Facilities which result from acts of God, natural disasters, pestilence, weather, fires, the need to replace turf and landscaping on the Club property due to disease or other unanticipated cause, requirements imposed by governmental authorities after the date hereof and any events beyond the reasonable control of the Company or the Club.

Any assessment for capital expenditures which must be voted on by the Equity Members shall be voted on and paid as follows:

- Assessments for capital expenditures to the Club Facilities shall be voted on by and prorated among all of the Equity Yacht Club Members based on the member's slip size.

MEMBERSHIPS HELD BY COMPANY ARE NOT SUBJECT TO ASSESSMENTS OR DUES

The Club will not make any capital or operating assessments or impose any dues or other charges on any Equity Membership during the period while the Equity Membership is held for sale by the Company except for resigned Equity Memberships which the Company purchases from the Club and subject to the Company's obligation to pay its share of any assessment for extraordinary repairs or replacements that are not voted on by the Equity Members. A member acquiring an Equity Membership from the Company shall not be subject to payment of any capital or operating assessment imposed or incurred prior to their becoming a member.

PAYMENT OF DUES BY RESIGNED MEMBER

A resigned member shall be obligated to continue to pay dues, fees and other charges associated with the resigned membership until the reissuance of the membership by the Club. A resigned member shall be permitted to use the Club Facilities as long as the dues, fees and other charges continue to be paid by the resigned member. In the event that there are any amounts owing to the Club by a resigned member which are past due, the Club reserves the right to move the resigned membership to the bottom of the reissuance waiting list until such amounts have been paid in full.

PRORATED DUES AND FEES UPON REISSUANCE OF MEMBERSHIP

If a membership is reissued during a membership year, the resigned member shall be entitled to a refund of a pro rata portion of any dues and other fees paid in advance for which services have yet to be rendered.

MEMBERSHIP AGREEMENT

APPLICATION PROCEDURE

Each person who desires to become a member must mail or deliver to the Membership Director a fully completed and signed Membership Purchase Agreement and a check for the required membership contribution.

REVIEW OF APPLICATION

After the Club has received the required materials, a determination will be made whether the applicant has satisfied the relevant conditions of membership. The determination of whether an applicant is approved for membership is made by the Company for all applicants for memberships being sold by the Company and all applicants acquiring a membership from the Club must be approved by the Board of Directors. If the application is not acted upon favorably, the applicant will receive a refund of any amount previously paid, without interest. The Club is under no obligation to give any reason for denying an application.

RIGHTS GOVERNED BY MEMBERSHIP DOCUMENTS

Members of the Club agree to be bound by the terms and conditions of the Membership Documents, as amended from time to time, and irrevocably agree to fully substitute the membership privileges acquired pursuant to the Membership Documents for any present or prior rights or privileges in or to use the Club Facilities.

OTHER MEMBERSHIP PRIVILEGES AND USE PRIVILEGES

The Club has the following additional membership and use privileges, in addition to the Equity Memberships:

EXISTING LESSEES OF MARINA SLIPS

Existing lessees of marina slips who do not acquire an Equity Yacht Club Membership, may continue to lease the assigned marina slip on a recallable basis. The Company or the Club may terminate the lease at any time on thirty (30) days written notice. The existing lessees of marina slips will have no ownership interest in the Club or any voting rights.

Lessees will be responsible for the lease rates as well as charges established on a monthly basis by the Club for electric service.

LEASING A MARINA SLIP

Prior to the initial sale of all Equity Yacht Club Memberships, the Company may lease its marina slips through the Club. Equity Yacht Club Members may also lease their marina slips through the Club. All persons leasing a marina slip must be (i) approved by the Club, and (ii) must be sponsored by the Club, a member or the Company. The lessee must complete a Lease Agreement in the form provided by the Dockmaster's office prior to the use of the Club Facilities and mooring of their vessel in the marina slip. The sponsor of a marina slip lessee will be responsible for the conduct of the lessee and for all charges and costs incurred by the Lessee which remain unpaid after the customary billing period and collection procedures by the Club.

The Club shall collect and remit all docking fees associated with leasing an available marina slip to either the Company or the Equity Yacht Club Member depending on whose marina slip was leased, as follows: (i) in the event the Club leased the marina slip on behalf of the Company, the Company shall be entitled to all of the docking fees to use in its sole discretion, or (ii) in the event the Club leased the marina slip on behalf of an Equity Yacht Club Member, the Equity Yacht Club Member shall be entitled to a credit on their membership account for eighty percent (80%) of the docking fees collected from the lease of their marina slip, and the remaining twenty percent (20%) will be paid to the Company or its managing agent.

The Club shall establish the terms and conditions for leasing a marina slip, including the docking fees, electrical and water charges and other costs associated with leasing a marina slip provided such terms and conditions and fees and charges are commercially reasonable. Marina slips will be leased on an equitable rotating basis subject to any preferences or requests by persons desiring to lease a particular marina slip.

RECIPROCAL PRIVILEGES

The Club may, in its sole discretion, enter into reciprocal use privileges and access agreements with other clubs, as the Board of Directors determines appropriate from time to time, in its discretion. The Club will also have the right to permit persons who own a unit in the Condominium to use the pool on such terms and conditions as may be determined from time to time by the Club.

COMPANY'S RIGHT TO DESIGNATE INDIVIDUALS TO USE CLUB FACILITIES PRIOR TO TURNOVER DATE

The Company and its designees shall have the right to designate persons to use any or all of the Club Facilities, prior to the Turnover Date for any purpose and upon such terms and conditions as are determined from time to time by the Company. The persons designated by the Company shall include, without limitation, persons who are employees of the Company, the Club, persons who are prospective members in the Club, and persons who are involved in special events held at the Club. The individuals designated by the Company are subject solely to approval by the Company. Use of the Club Facilities by the Company and its designees may not unreasonably interfere with the members' use of the Club Facilities.

COMPANY'S RIGHT TO USE CLUB FACILITIES AFTER TURNOVER DATE

After the Turnover Date, the Company and its designees will have the right to use the Club Facilities for the purpose of entertaining initial or resale purchasers of memberships upon payment of the use fees charged guests of members. Use of the Club Facilities by the Company and its designees may not unreasonably interfere with the members' use of the Club Facilities.

CLUB TRANSFER AGREEMENT

TRANSFER OF CLUB FACILITIES TO CLUB

The Company has transferred or will transfer to the Club all of its right, title and interest in the Club Facilities, in accordance with the terms and conditions of the Club Transfer Agreement, a copy of which is attached hereto as Exhibit A.

CONSIDERATION FOR CLUB FACILITIES

In consideration for the transfer of the Club Facilities, the Club has transferred to the Company all of the Equity Memberships to be issued in the Club. In addition to these memberships, the Club will pay to the Company on the Turnover Date, the book value of all supplies, inventories and other items held for resale on hand as of the Turnover Date. All membership contributions received from the initial sale of all Equity Memberships will belong to the Company and may be used by the Company in any manner whatsoever in its sole and absolute discretion.

PROCEEDS FROM REISSUANCE OF MEMBERSHIP

All of the membership contributions retained by the Club on the reissuance of resigned Equity Memberships prior to the Turnover Date shall be paid over to the Company as additional consideration for the transfer of the Club Facilities to the Club. After the Turnover Date, all of the membership contributions retained by the Club on the reissuance of an Equity Yacht Club Membership shall belong to the Club to be utilized as determined by the Board of Directors.

CLUB FACILITIES MAINTAINED IN GOOD WORKING ORDER

The Club Facilities will be maintained by the Club until the Turnover Date in good working order, ordinary wear and tear excepted. The members of the Club are responsible for the costs of any capital improvements which they vote to make, and any extraordinary repairs or replacements, as provided herein.

CLUB ACCEPTS CLUB FACILITIES AS IS

The Club Facilities were and will be acquired by the Club in their "where is, as is" condition, subject to the Company's obligation to make repairs, as provide herein. The

Company and the Club make no representations concerning the final design, fitness, condition, construction, accuracy, completeness, location, date of completion, adequacy of the size or capacity in relation to the utilization or the future economic performance of, or the materials, furniture or equipment which are or will be used in, the Club Facilities, except as specifically set forth in the Membership Documents.

OPERATION OF CLUB

BOARD OF DIRECTORS

The Club will be governed by a Board of Directors in accordance with the Membership Documents. The Board of Directors will be responsible for the government and administration of the affairs and property of the Club, set dues and charges for members, establish rules and regulations and, in general, control the management and affairs of the Club, except as otherwise provided herein. The Board of Directors may not, however, operate the Club in contravention of the terms and conditions of the Membership Documents.

Decisions made by the directors appointed by the Company shall be in good faith and in a manner reasonably believed to be in the best interest of the Club and its members.

DESIGNATION OF DIRECTORS

Prior to the Turnover Date, the Company shall appoint the members of the Board of Directors who shall serve until the Turnover Date or replaced by the Company. All directors must be Equity Members, except for the directors appointed by the Company. After the Turnover Date, all members of the Board of Directors will be elected by the Equity Members.

TURNOVER DATE

The Turnover Date will be 60 days after the earlier of: (i) the initial sale of all of the Equity Memberships permitted to be issued in the Club, or (ii) December 31, 2007, or (iii) any earlier date determined by the Company in its discretion, provided the Club's accounting firm has reviewed the operating results of the Club and confirmed that the Club operated during the preceding 12 month period without an operating deficit.

Prior to the Turnover Date, the Company will fund all operating deficits and be entitled to retain any operating profits of the Club. The Company will be responsible for all operating deficits, and will be entitled to retain all operating profits, which result from the operation of the Club Facilities prior to the Turnover Date.

LIABILITY OF COMPANY AND ITS DESIGNEES

Neither the Company nor any of its affiliates, successor and assigns or any of their employees, partners, shareholders, members, agents, officers and directors, nor the Club's incorporator or any of the members of the Board of Directors or officers appointed by the Company, shall have any liability to the Club or the members of the

Club for decisions or actions taken regarding the operation of the Club or the Club Facilities, in accordance with and pursuant to the Membership Documents, on account of any mistakes of fact or any alleged errors of judgment made in good faith or for decisions or actions made under the business judgment rule, except where the same are guilty of a bad faith breach of an express provision of the Transfer Agreement.

BOARD OF GOVERNORS

The Club may establish an advisory Board of Governors comprised of members whose purpose includes fostering good relations between the members and management of the Club, providing the Club with input on programs, plans and activities of the Club, and advising on the Club's policies and rules and regulations. The management of the Club shall meet with the Board of Governors on a periodic basis to discuss the operation of the Club Facilities. The Company will designate all of the members of the Board of Governors, may establish their terms as governors and may replace governors from time to time in its sole discretion. The Board of Governors shall have no duty or power to negotiate or otherwise act on behalf of the Club, its management or the members of the Club, and shall serve only in an advisory capacity. The management of the Club will have the final authority on all matters concerning the Club Facilities and the members of the Club.

MODIFICATION OF MEMBERSHIP DOCUMENTS

BEFORE TURNOVER DATE

The Company reserves the right prior to the Turnover Date to waive or modify the terms of the Membership Documents as long as the waivers and modifications are not materially adverse to the rights of the members. Any waiver or modification which is materially adverse must be approved by a majority vote of the Equity Members, in accordance with the Bylaws.

AFTER TURNOVER DATE

After the Turnover Date and until the sale of all of the Equity Memberships, the Membership Documents of the Club may not be changed without the Company's written consent, which may be withheld by the Company for any reason whatsoever.

After the Turnover Date, the Membership Documents may be altered, amended, or repealed or new Membership Documents may be adopted, only by: (a) a majority vote of all of the members of the Board of Directors, and (b) a majority of the votes cast by the Equity Members in person or by proxy at any duly called and constituted annual or special meeting of the members of the Club at which a quorum of the Equity Members is present either in person or by proxy. The proposed amendment must be set forth in the notice of the meeting.

After the Turnover Date, the Club Transfer Agreement may be changed only upon obtaining the Company's written consent, which may be withheld by the Company for any reason whatsoever.

DISPUTE RESOLUTION

Any dispute between the Club and the Company or relating to the turnover of the Club may be submitted to arbitration in accordance with the Club Transfer Agreement. Any dispute between a member and the Club or Company shall be submitted to binding arbitration in accordance with the Bylaws.