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July 31, 2002

Mr. Wayne S. Hyatt
Hyatt & Stubblefield, P.C.
1200 Peachtree Center South Tower
225 Peachtree Street, N.E.
Atlanta, Georgia 30303

RE: Twin Creeks Country Club

Dear Mr. Hyatt:

This is in response to your letter dated June 7, 2002, received by this Agency June 10, 2002, and supplemented by your letters dated June 17, 2002, July 2, 2002, and July 3, 2002, and received June 18, 2002, July 3, 2002, and July 5, 2002, respectively.

Your letter and materials describe a proposed offering of equity and non-equity memberships in the development of Twin Creeks Country Club (the "Club"), a Texas non-profit corporation, in Cedar Park, Texas. The Club is being developed by Twin Creeks Country Club, Ltd. (the "Sponsor"), a Texas limited partnership, in conjunction with Twin Creeks Holdings, Ltd. ("Community Developer"), a Texas limited partnership developing a residential community in Cedar Park, Texas. The Club will consist of an 18-hole golf course, a sports club with fitness facilities, a clubhouse with dining facilities, a golf pro shop, men's and ladies' locker rooms, golf cart storage facilities, administrative offices, two tennis courts, a family recreation area with swimming pool, a snack bar, picnic area, outdoor grill, and maintenance and other supporting facilities (collectively, "Club Facilities"). The Club will acquire the Club Facilities from the Sponsor, in exchange for certain consideration set forth in an Agreement for Transfer of Assets ("Transfer Agreement") entered into by the Club and the Sponsor.

Your letters indicate that the Club will provide three types of equity membership, a "Social Membership," a "Sports Membership," and a "Golf Membership" (collectively "Equity Memberships"). Moreover, the Club will provide four types of non-equity membership, a "Community Membership," an "Invitational Membership," a "Founding Membership," and an "Honorary Membership" (collectively "Non-Equity Memberships"). In addition to the Equity and Non-Equity Memberships (collectively "Memberships"), the Sponsor will have a "Sponsor Membership" that entitles the Sponsor to exercise the rights and powers granted to it under the Transfer Agreement and the Club's bylaws. All Equity Memberships share the same characteristics except in variations in the facilities of the Club that they are entitled to use and the dues they are

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required to pay. All Equity Memberships are proprietary memberships with voting rights and are subject to assessment but are not subject to recall by the Club. Non-Equity Memberships, on the other hand, are non-proprietary memberships with no voting rights except as specifically set forth in the Club's bylaws with respect to assessments. The difference among the various Non-Equity Memberships is with respect to the use privileges of the facilities of the Club and the periodic dues that must be paid to the Club.

Your letters represent that the Club would not be formed or operated for pecuniary gain or profit. The Club has no capital stock, but will issue membership certificates as evidence of membership in the Club. There will be no payment of income, dividends, or other distributions of profits to any of the members, directors, or officers, and as such, they will have no interest in or title to any of the property or assets of the Club. You represent that the Sponsor is not dependent upon the proceeds from the sale of the Memberships to fund the construction of the Club Facilities. All prospective purchasers will be informed that Memberships should not be viewed or acquired as an investment and that they should not expect to derive any economic profits from such Memberships.

Members will not be entitled to share in any income generated by the operation of the Club, nor will the Club pay to its members any dividends or make any distributions of any kind, except upon liquidation. A Membership may not be pledged or hypothecated, except to secure purchase money financing for the Membership and in some cases, a home or home site in Twin Creeks if purchased with and used to secure the same loan. Further, no member, other than the Sponsor, may advertise for sale or otherwise offer to transfer or assign a Membership in the Club, except to the Club or to an institutional lender to secure a purchase-money loan.

All Equity Memberships require the payment of a membership contribution and have no right to any refund or other payment upon resignation unless the Membership is repurchased and reissued by the Club. The most a purchaser can receive on repurchase of their Membership is 80% of the current membership contribution established by the Club for that category or membership or 100% of what they originally paid, whichever is greater. Of the Non-Equity Memberships, only the Invitational Membership requires payment of a membership contribution to the Club. Upon recall of the membership by the Club, or upon voluntary resignation and repurchase and reissuance of the membership by the Club, an Invitational Membership would be entitled to an amount which can not exceed the greater of 80% of the current membership contribution established by the Club for an Invitational Membership or 100% of the original price for the membership.

Your letters represent that once the Club or the Sponsor has issued a Membership, the Membership may not be transferred except to the Club as provided by the bylaws. The Club's bylaws provide that a Membership shall be deemed resigned upon the occurrence of any of the following events: (i) ceasing to meet the eligibility requirements of such Membership; (ii) the dissolution of a member which is a legal entity; (iii) the death of the sole member unless the Membership is reissued to a surviving spouse, or the death of both members named on a membership certificate, if the Membership is held jointly; or (iv) expulsion from the Club for cause. Equity members may choose

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to retain or resign the Membership upon the sale or transfer of his or her home or home site. If an Equity member resigns the Membership, the Equity member may arrange for the Club to repurchase the resigned Equity Membership and reissue it to the new owner of the home or home site, subject to the purchaser's approval for membership. Any other attempted transfer of a Membership by a member, whether by sale, gift, or otherwise shall be of no force and effect and shall confer no membership rights or other rights upon any transferee to use the Club Facilities.

Your letter further states that the Club and the Sponsor intend to offer invitations primarily to purchasers of property in the Twin Creek community and, as a membership base develops, to prospective members referred by existing members. Memberships will be marketed as an opportunity for the member to enjoy the social and recreational benefits of a member-owned club. All prospective members will be advised in writing that they should not acquire the Membership with any expectation of deriving any economic benefits or profits from the purchase, ownership, or resale of the Membership and should not view the Membership as an investment.

Based on the foregoing understanding, the staff of the State Securities Board will recommend no action to require registration of the offer and sale of the Memberships in the Club as long as they are structured and sold in accordance with the representations made in your letters and materials. In addition, the staff will recommend no action to require the Club or its agents to register as a dealer in connection with the offers and sales of such Equity and Non-Equity Memberships.

Please note that the Agency has not made an independent investigation of the facts, but has relied solely upon the information you have provided. If this information is incorrect or changes substantially, the staff would reconsider the matter and the no-action position stated above would be void.

I trust this information answers your inquiry. Please feel free to write us if you need further information.

Very truly yours,

DENISE VOIGT CRAWFORD
Securities Commissioner

David Weaver
General Counsel

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