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**AMENDED AND RESTATED
BY-LAWS OF THE
WILLOW VALLEY CLUB ASSOCIATION, A NON-PROFIT CORPORATION**

ARTICLE I

1. The Willow Valley Club Association is formed as a non-profit corporation as defined within IRS code 501 (c)(7), a social club, allowing members to pool their funds for recreational purposes. As such, the sole purpose of this social club is to afford pleasure, recreation, and other non-profitable purposes to its members, substantially all the activities of which are for such purposes and no part of the net earnings of which inures to the benefit of any member.
2. The Willow Valley Club Association is an Arizona nonprofit corporation and as such, is governed and authorized by, ARS Title 10, Chapters 24-40 (the Arizona Nonprofit Corporation Act; The Association is also subject to the Arizona Planned Community Act (found at ARS Title 33, Chapter 16). Membership is mandatory based on parcels within those areas specified herein at Article VI, paragraph 2. Assessments must be current, regardless of use of facilities, or suspended or terminated membership privileges. There are no refunds or adjustments for assessments or fees in the event a member's privileges are suspended or terminated.

ARTICLE II

The Board of Directors

1. Except as is otherwise for the Board of Governors, The management of the business and affairs of the Association shall be vested in the Board of Directors comprised of **not less than nine nor more than** fifteen members. The major function of the Board of Directors shall be to carry out the day-to-day activities of the Association and to manage the clubhouse and other areas of common ownership for the benefit of the membership. **To accomplish this task, the Board of Directors may create policies and rules. Members of the Board of Directors shall not receive any compensation or benefit for their services as a Director or Officer.**
 - A. Any contract that would benefit any member of the Board of Directors or a parent or spouse of any of those persons, shall be handled in a manner prescribed in ARS 10-3864.

B. A member of the Board of Directors may be removed for cause pursuant to the provisions of A.R.S. 10-3808.

C. Conduct of Board of Directors members

Any member of the Board of Directors, either elected or appointed, who uses thier position of influence to bypass the rules set within the Articles of Incorporation, By-Laws, policies, or decisions made by the Board of Directors for the benefit, or as a favor to a person(s) provides membership status to people who otherwise do not qualify for membership, or otherwise violate any other rule described herein, shall be subject to sanctions including, but not limited to suspension of privileges to removal from the Board of Directors.

D. Retaliation

Willow Valley Club Association will not tolerate attempts from any general member, board member or contractor to retaliate, punish, or in any way harm any individual(s) who reports a concern in good faith or otherwise participates in an investigation (e.g., witnesses and reports an incident). Such actions will be considered a violation of these By-Laws and grounds for disciplinary action set forth herein.

2. ~~All and the remaining~~ directors shall be elected by ballot by the regular members and shall be installed at the annual membership meeting of the association, which shall be held on the Saturday immediately preceding Easter Sunday of each year, commencing with the year 1978. One Director shall be selected by and from the Board of Governors, as hereinafter described, three directors shall be the chairmen of the permanent standing committees identified herein at Article II, Section 9, and in the Second Amendment of the Articles of Incorporation at Article VII who are selected by the remaining directors. All directors shall hold office until their next annual meeting of the members, and until their successors have been elected and qualified. The elected directors shall be chosen by a majority of the votes cast by the regular members of the association and shall be by secret ballot. No two members of the Board of Directors who are related by blood or marriage/domestic partnership may serve on the Board of Directors at the same time.

- Ballots shall be distributed and or collected at the clubhouse on the second Saturday of February each year. Voting hours will be from 9:00 A.M. until 5:00 P.M.

*Each regular membership in good standing (as defined herein under Article VI, section 2) shall be able to cast one vote. Each membership in good standing to include owner of record of each lot. In the event a lot is owned by two or more persons, a single regular membership shall be issued in the names of all such owners, and they shall designate to the association in writing one of said owners who shall have the power to vote the said membership.

*Otherwise, ballots will be cast in the manner designated herein. ~~in the Amendment to Article II, Section 4.~~

*All ballots are to be numbered.

3. Directors must be regular members of the association in good standing **as defined herein under Article VI, section 2**. Nine directors shall be elected, not including the Secretary and Treasurer, who shall also serve as directors. **At least Four, but as many as seven**, of the directors shall be elected at large (one of whom shall represent non-resident members) **to fill the chairman positions of the permanent standing committees, if needed**. Five directors shall be elected, one from each of the five districts as listed, below.

The **2024** election shall consist of directors for Districts 2 and 4. Two directors-at-large have one more year to serve. Directors for Districts 1, 3, 5 and the one director-at-large (representing non-resident members of Willow Valley) shall be elected for two years.

The **2025** election shall consist of directors for Districts 1, 3, and 5, plus two directors-at-large for two-year terms. Elections for these four directors will continue each even-numbered year for two-year terms. Directors for Districts 1, 3, 5, and the director-at-large (representing non-resident property owners) will continue to be elected each odd-numbered year for two-year terms.

District 1

Willow Valley Estates 8, 8-A, 9 replatted, 10, **20 (tract 4134A and 4134B), and 21**

District 2

Willow Valley Mobile Home Estates 14, 15, and 16

District 3

Willow Valley Mobile Home Estates 17, 18 **and 19**

District 4

Willow Valley Estates ~~5 and 11~~, **Evergreen Addition I, II, and III, Rio Vista Estates**

District 5

Willow Valley Estates (1), Two, Three, Four replatted, **5, 6, 7, 12, Monte Vista Estates, Willows at Cimarron Lake Unit 1 tract 4063, Mohave Landing, Willows at Cimarron Lake Unit 2 tract 4130, The Estates at Cimarron Lake tract 4200, Lake Cimarron Estates unit one and Lake Cimarron Estates unit II.**

As new lots and areas are designated pursuant to Article IV, Section 2, to permit the purchasers thereof to become members in the Association, the Board of Directors ~~and Board of Governors shall jointly~~ **shall** determine the district to which the new lots and area designated shall be added.

Candidates **for District Directors** shall be identified on the ballot as to the area represented and term of office. **Write in candidates must be members in good standing as defined herein at article VI, Section 2. There is no minimum vote requirement for write in candidates. Candidates running to represent a specific district must be a property owner within that district.**

4. The Board of Directors shall meet no more than four (4) weeks following the annual membership meeting, and at such other times and places as they may determine, but no less than once per month, and the majority of the board shall constitute a quorum. **If a quorum is present when the meeting is convened, the quorum shall be deemed to exist until the meeting is adjourned, notwithstanding the departure of one or more directors. (ARS 10-3824 subsection C)** At the first annual meeting of the Board of Directors following the annual membership meeting, the Board shall establish the dates for the regular monthly directors meeting for the year and post notice thereof in the clubhouse and mail notice to every **member of the Board of Directors.** ~~director.~~ No further written notice of regularly scheduled meetings need be given thereafter. Failure to attend three consecutive regular meetings of the Board of Directors may be deemed cause for expulsion from the Board of Directors by a vote of two-thirds of the remaining members. **(A.R.S. 10-3308.)**

5. A special meeting of the Board of Directors may be called at any time by the Chairman or Vice-Chairman or by a majority of the board. Written notice of such a special meeting shall be given at least seven (7) days prior to said meeting. Special meetings may be held without notice ~~if such notice is waived by all the directors~~ **pursuant to ARS 10-3702.**

6. **Action without a meeting may only be permitted and effective if directions contained in ARS 10-3821 are followed. Any vote taken under such action must include all Board members and must be unanimous.**

7. In case of a vacancy in the Board of Directors by death, resignation or otherwise, unless said member be the member selected by the Board of Governors, the remaining members of the Board shall elect a new member to fill the vacancy, such new member shall have the same qualifications as and serve for the unexpired term of his predecessor and until his successor is elected and qualified. Vacancies on the **2024** Board shall be selected, if possible, from members of the outgoing **2023** Board. In case of a vacancy in the position filled by the director elected by the Board of Governors, the Board of Governors shall elect a new member to fill the said vacancy.

8. The directors may call general meetings of the membership upon a minimum four (4) weeks prior written notice to all regular members in good standing according to the books of the Association. There shall be at least four general membership meeting per year, including the annual membership meeting. All regular and special meetings of the Board of Directors shall be open to all regular members in good standing. Notice of special meetings of the Board shall be given to the regular members by posting notice thereof in the clubhouse at a spot designated for such purpose at least three days prior to said meeting.

9. The Association shall have the following permanent standing committees:

(a) The Recreation and Entertainment Committee which shall advise the Board of Directors on all matters pertaining to the recreational program and activities of the Association and shall perform such other functions as the Board of Directors in its discretion determines.

(b) The Building and Maintenance Committee which shall advise the Board of Directors on all matters pertaining to the maintenance, repair or improvement of the clubhouse and other common facilities and shall perform such other functions as the Board of Directors, in its discretion, determines. **The Chairman of the Building and Maintenance Committee is responsible for the direct supervision of the**

Caretaker which includes the hiring, discipline and firing of the Caretaker with the approval of the Board of Directors.

(c) The Publicity and Communications Committee which shall inform the members of all activities and functions of the Association and after consulting with the Board of Directors, shall make public releases and announcements which are in the best interests of the Association, and shall perform such other functions as the Board of Directors, in its discretion, determines.

The Chairman for each committee shall be selected from the members of the Board of Directors at the Board of Directors meeting held immediately following the annual membership meeting and shall serve until the close of the next annual meeting. Each committee shall consist of a Chairman and as many additional members of the Community as the Chairman shall select. The board may select such additional committees as it deems expedient, but the chairmen selected therein shall not serve as members of the Board of Directors unless they have otherwise been selected as directors by the general membership.

11. Each committee serves at the direction of the Board of Directors and shall not have independent authority to act. Members of respective committees may meet or otherwise communicate individually in furtherance of accomplishing their respective tasks but each committee reports to and receives direction from the Board of Directors at Annual, regular or special meetings of the Board of Directors. At the first directors meeting held after the annual membership meeting, and after selection of the standing committee chairmen, the Board of Directors shall select from among their members one director to serve on the Board of Governors as a member thereof for a one-year term.

ARTICLE III

Board of Governors

1. The Board of Governors shall be comprised of not less than nine nor more than thirteen regular members of the Association. The number of the members shall be established from time to time by the Board of Governors, the first Board of Governors shall be comprised of all Presidents and Vice-Presidents of the Association (whether of the former active or regular members) who have served a full term of office the date of the adoption of these By-Laws, plus one member who shall be selected by the Board of Directors as hereinabove provided. The first Board of Governors shall serve a term which commences with the term of the directors elected at the annual membership meeting in the year 1977. Each member of the Board of Governors shall serve (7) years from the date of his last term of office as officer or director expired. A member of the Board of Governors may serve only one seven-year term.

Any member filling an unexpired term will not be qualified to fill any other term. Term shall be defined as anytime from the election date following the annual meeting until termination of that seven-year term.

2. Vacancies on the Board of Governors shall be filled by election, by the remaining members of the Board of Governors, of new members from all regular members of the Association who reside in Willow Valley and have served the Association at any time as an officer or director. Except for the original Board of Governors, members of the Board of Governors shall be elected at their first annual meeting which shall be held not more than four (4) weeks following the annual membership meeting of the Association and shall hold office until the termination of their term and until their successor shall have

been elected and qualified. Any person selected to fill a vacancy caused other than by expiration of a member's term, shall serve during the unexpired term of his predecessor and until his successor be elected and qualified.

3. At their first annual meeting, the Board of Governors shall elect a chairman, Vice-Chairman and Secretary for their Board to serve a one-year term and shall select one of their members to also serve on the Board of Directors as a member thereof for a one-year term.

4. The Board of Governors shall exercise the following functions:

(a) The Board of Governors **with the assistance of the Treasurer**, shall determine and establish the budget and total amount of funds available for expenditure for each current year in. However, apportionment and expenditure of the funds so budgeted shall be the function of the Board of Directors, except for that portion designated and reserved by the Board of Governors for its own use not to exceed \$500 (five hundred dollars) per year. At the end of the budget year any unused funds shall go into the reserve fund. The total amount of the budget shall be established by computing the total amount of **assessments** paid in the previous year ending December 31, less 10% which shall be reserved for capital expenditure (Building fund). Increases in budget over this amount can only be justified by an increase in membership or a raise in **fees** or assessments.

(b) The governors shall manage the building fund of the Association. There shall be set aside each year from the revenues 10% thereof which shall serve as a building fund for permanent improvements. The Board of Governors shall instruct the treasurer in the investment and handling of these funds. In addition, a reserve fund for all the delinquent **dues assessments** collected, all interest from the reserve account and all unspent money from the current budget, shall be put into this fund, to be used where required, when approved by the Board of Directors. Major capital expenditures which shall be defined as any expenditure in excess of \$20,000 can only be made at the express direction of the regular members voting. **With the specific intent fluidity and expediency, the Board of Directors may, as deemed necessary, vote to increase the indicated dollar amounts not to exceed 10 per cent (10%) per year.**

(c) The Governors shall conduct an annual audit of the Association financial records

(d) The Governors shall designate one or more of their members to co-sign all checks or otherwise approve all expenditures by the Treasurer.

(e) The Board of Governors shall supervise all annual elections by the regular membership for officers and directors and shall install the new officers and directors, **pursuant to ARS 10-3708**. At least eight weeks before the annual meeting of the regular members, the Board of Governors shall call a general meeting of the membership and take nominations from the floor. At the termination of this meeting, the nominations will be deemed closed. All properly qualified nominated candidates will be listed on the ballot for the annual election with the agreement of the Board of Directors. The Board of-Governors will also supervise the distribution and counting of ballots. All ballots cast at the polling place shall be placed in a sealed ballot box. All **written absentee** ballots must be returned by the day of the poll. These shall be placed in a sealed ballot box to be counted with the ballots cast at the polls. **When practicable, ballots may also be cast in a manner described in ARS section 10-3708, subsections F and G**. The votes will be counted at the close of the polls. Only one vote shall be cast per lot or parcel. When a lot or parcel is owned by more than one person, the owners shall designate to the Association which of them shall cast the

vote. Ownership of more than one lot or parcel shall not entitle the owner thereof to more than one membership or vote. Election ties shall be determined ~~by lot~~ **by a new vote.**

(f) The governors may make changes and amendments to the By-Laws with the consent of the Board of Directors.

(g) The Board of Governors shall act as transfer agent of the Association and record all transfers of membership and cancel and preserve all certificates of membership transferred.

5. Membership on the Board of Governors precludes membership on the Board of Directors, and membership on the Board of Directors precludes membership on the Board of Governors, except for one member from each board selected by that board to serve as a delegate to the other board.

6. The Board of Governors at its first meeting after the annual meeting shall establish the dates for at least four regular meetings for that Board and shall post notice thereof in the clubhouse and mail notice to every Governor. No further notice of these meetings need be given. Failure to attend three consecutive regular meetings of the Board of Governors may be deemed cause for expulsion from the Board of Governors by a two-thirds vote of the remaining members. At all meetings a majority of the members of the Board shall constitute a quorum. All meetings of the Board of Governors, whether general or special, shall be open to the regular members.

7. A special meeting of the Board of Governors may be called at any time by the Chairman or Vice-Chairman or by a majority of the Board. Written notice of such a special meeting shall be given at least seven (7) days prior to the said meeting. Special meetings may be had without notice if such notice is waived by all Governors. A majority of the Board shall constitute a quorum.

8. Ensure the By-Laws are up to date with current State and Federal laws, as well as the current needs and desires of the members of Willow Valley Club Association and make changes and amendments to the Articles of Incorporation and/or the By-Laws as prescribed therein.

Article IV Voting

The Board of Governors will supervise such balloting as necessary with the approval of the Board of Directors to determine the wishes of the majority of the regular members voting and request the Board of Directors to carry out those projects approved by the membership voting. In undertaking the projects approved, the Board of Directors shall obtain bids (three or more, if possible) for construction. and submit them with their recommendations to the Board of Governors for final approval before contracts are let or funds released.

ARTICLE V The Officers

1. The elected officers of the Association shall be limited to a Secretary and Treasurer who shall also be members of the Board of Directors. The Secretary and Treasurer shall be elected in the same manner as the directors. The Board of Directors shall select, a Chairman, Vice-Chairman and such other

officers as they may from time to time deem necessary. During the year 2024 the current Chairman and Vice-Chairman shall continue to serve as Chairman and Vice-Chairman, respectively, of the Board of Directors. All officers shall hold office for one year and until their successors have been elected and qualified. There shall be no limit to the number of terms of office to which the Secretary and Treasurer may be elected. The Chairman and Vice-Chairman of the Board of Directors shall not be permitted to serve more than two consecutive terms. Due to the nature of their respective duties as elected officers, the Treasurer and Secretary are prohibited from serving as Chairman or Vice-Chairman.

2. In the case of a vacancy in any office, the Board of Directors shall elect a successor to hold the office for the unexpired term.

3. The Chairman shall be the Chief Executive Officer for the Association. The Chairman shall preside at all meetings of the general membership of the Association except those specifically called by the Board of Governors and shall also act as Chairman of the Board of Directors. The Chairman shall have the power to appoint such committees, other than the standing committees, as may be necessary, with the advice and consent of his/her Board.

4. The Vice-Chairman shall perform all of the duties of the Chairman during their absence and at such times as the Chairman is unable to act.

5. The Secretary shall attend all meetings of the regular members and the Board of Directors and keep a full and active account of their proceedings in a book to be kept and maintained in the WVCA office for that purpose. The Secretary shall ~~also keep the seal~~ affix the seal of the Association and to all instruments requiring the seal as may be directed by the Board of Directors. or the Board of Governors. The Secretary is also responsible for obtaining any and all signatures required for legal or other official documents and for their respective filing requirements, with the exception of tax documents.

6. The Treasurer shall keep a full and accurate account of receipts and disbursements of the Association in books belonging to the Association and shall deposit all monies and valuable objects in the name of the company in such depositories or safety vaults as may be directed by the Board of Directors. A report of the finances of the Association shall be made by the Treasurer whenever requested by the Chairman or Vice-Chairman of either Board of Directors ~~or Board of Governors~~, and a report of like character shall be submitted by the Treasurer at each annual meeting of the members. ~~He~~ The Treasurer shall be required by the Board of Directors at any time to give such bond as the directors may designate, the cost of which shall be paid by the Association. The Board of Directors shall provide the Treasurer with such paid professional assistance as it deems necessary to permit the Treasurer to keep a full and accurate account of the finances of the Association. The Treasurer shall be responsible for ensuring the completion and filing of all required tax related forms and documents. The Treasurer is also responsible for the direct supervision of the office staff which includes the hiring, discipline and firing of the office staff with the approval of the Board of Directors.

7. The Chairman and/or Vice-Chairman of the Association may be removed from office for cause by a two-thirds vote of the Board of Directors.

ARTICLE VI ~~IV~~
Members and Memberships

1. There shall be three classes of membership: regular, associate and honorary.

2. Except as is herein otherwise provided with respect to membership transfers, regular members shall consist of all persons, **which shall include unnamed spouses**, who own or who have contracted to purchase real property in the subdivisions of Mohave County, Arizona, described below and in such other area of what is commonly known as “Willow Valley” as may be designated from time to time by the Board of Directors of this corporation, ~~by the Board of Directors of McKellips Land Corporation, or its successors, or by any individual member of Board of Directors of McKellips Land Corporation serving at the time of the adoption of these By-Laws.~~ “Willow Valley” shall be deemed to include and those real property areas which may be designated for inclusion must be located within sections 21, 23, 25, **27** and/or the North half of Section 35, T.18N, T.22W., G&SR.B.&M., Mohave County Arizona. The subdivision currently qualifying include:

Willow Valley Estates
Willow Valley Estates Two
Willow Valley Estates Three
Willow Valley Estates Four replatted
Willow Valley Estates 5
Willow Valley Estates Six
Willow Valley Estates Seven
Willow Valley Estates 8
Willow Valley Estates 8A
Willow Valley Estates 9 replatted
Willow Valley Estates 10
Willow Valley Estates 11
Willow Valley Estates 12
Willow Valley Mobile Home Estates 14
Willow Valley Mobile Home Estates 15
Willow Valley Mobile Home Estates 16
Willow Valley Mobile Home Estates 17
Willow Valley Mobile Home Estates 18
Willow Valley Estates 19
Willow Valley Estates 20
Willow Valley Estates 21
Willow Valley Estates Evergreen I, II, and III
Willow Valley Estates Rio Vista
Willow Valley Estates Monte Vista
The Willows at Cimarron Lakes Unit 1 and Unit 2
Mohave Landing

Regular members in good standing are defined as property owner(s) determined by the name or names of record at the Office of the County Assessor within the before mentioned subdivisions and:

- A. Has paid current assessments/fees.
- B. Has not had membership privileges terminated or currently suspended per paragraphs 5, 6 and 8 of this Article.

3. Associate members shall consist of such members of the families of regular members or lessees of regular members as may be determined by policy promulgated by the Board of Directors. Associate members are required to pay an annual fee at the same rate as regular member assessments and shall have access to all common areas. All sections regarding suspensions and terminations as with regular members apply to associate members. However, associate members are not eligible to vote in Willow Valley Club Association elections.

4. Honorary members shall consist of such people as from time to time may be designated by unanimous vote of the Board of Directors. Honorary members are required to pay an annual fee at the same rate as regular member assessments and shall have access to all common areas. All sections regarding suspensions and terminations as with regular members apply to honorary members. Honorary members have access to all common areas. However, Honorary members are not eligible to vote in Willow Valley Club Association elections. Honorary memberships shall terminate after one year.

5. No regular member may avoid payment of assessments by voluntary resignation. However, Membership privileges may be:

- (a) Suspended by the Board of Directors for failure to pay at the time specified therefore, charges, maintenance fees, assessments or any other sum of money due from a member to the Association.
- (b) Suspended For cause after notice and hearing by the Board of Directors;
- (c) Except as otherwise provided herein, for associate and honorary members by sale of the property which is the basis of membership.

6. The Board of Directors may prescribe the form of notice to be given any member against whom violations of any kind may be brought; may specify who may bring violations; establish rules governing hearing upon such violations; and specify the penalty to be imposed, which may include fines up to but not more than \$500.00, and suspension from privileges of the Association.

7. Upon sale of the property, which is the basis of membership, or upon termination for any reason of an associate or honorary membership in this Association, all privileges therein and all rights to use any property belonging to the Association shall cease.

8. If the Board of Directors is notified by written report received by Board of Directors, witnessed by a member of the Board of Directors, or given a verbal report to the Board of Directors and then recorded by any other member or employee that a member has engaged in conduct deemed by the directors to be injurious or detrimental to the order, peace, interest or welfare of the Association or unbecoming to a member of the Association or in violation of these By-Laws or any rules and regulations

made by the Board of Directors, the Board **may immediately suspend privileges of those involved and shall** give at least five days' notice in writing of a hearing to be held upon such **violations** to **said** member by serving the same personally upon said member or by mailing the same addressed to said member by ordinary mail, postage prepaid, to the address of the member as shown on the books of the Association, **or make said notification via email or other electronic means, or verbally.** After such hearing, the Board, on being satisfied with the truth of the **violation(s)** may censure the member charged, fine the member up to, but not more than **\$500.00** and/or suspend or terminate **their** membership privileges in the Association. The determination of the Board of Directors shall be final.

Members are responsible for the conduct of their guests. Any actions of the guest may subject the member to the above stated suspensions and fines. Additionally, said guest may be prohibited from attending or otherwise being present on any Willow Valley Club Association common areas. These procedures are inclusive of the Willow Valley Club Association facility policies and rules. All suspended privileges will be reinstated at the end of the suspension term and payment of any fine is satisfied.

9. **Membership shall be determined by the specific parcel purchased and shall commence at the close of escrow and recording at Mohave County Recorder's Office.**

10. Memberships shall not be transferable except as provided in this paragraph:

(a) A regular membership based on ownership of any lot or parcel of real property designated for such purpose by the Board shall not be transferred, pledged, or alienated in any way except upon sale of such lot or parcel and then only to the purchaser of such lot.

(b) Associate memberships and honorary memberships may not be transferred in any event.

(c) No transfer of membership shall be valid or convey any privileges whatsoever unless and until it is recorded on the books of the Association or unless there shall be filed in the office of the County Recorder of Mohave County, and incorporated by reference in the instrument of sale, transfer, conveyance.

(d) No membership shall be transferable unless and until all assessments, fees, fines or other charges due to the Association from the holder thereof have been paid in full.

11. Any attempt to make a prohibited transfer is void and will not be reflected upon the books of the Association.

ARTICLE VII

Assessments and Fees

1. The Board of Directors and the Board of Governors shall from time to time jointly fix and establish **fees** and assessments, all of which shall be promptly paid by the holder of the classes of membership designated by the Board; provided, however, that the **fees or assessments** levied during any

calendar year shall not exceed by 10% the **fees or assessments** levied in the preceding year unless the excess be approved in writing by a majority of the regular members of the Association voting.

2. As of **(date to be determined)** all new qualifying subdivisions within the area described in Article VI, of the Second Amended Articles of Incorporation, of the Willow Valley Club Association, which is not currently a qualifying subdivision of the Willow Valley and which is proposed to be added into the Willow Valley Club Association as a new qualifying subdivision with designated lots or homesites shall (a) pay to the Association a one-time assessment of **Two Thousand Five hundred Dollars (\$2,500.00)** for each and every lot or homesite therein, to be paid within 30 days of the filing of the plot for said subdivision or, in the alternative (b) pay upon recording of said plot covenants, conditions and restrictions which obligate the purchasers of each of the lots or homesites within said subdivision to pay a special one-time assessment of **Two Thousand Five Hundred Dollars (\$2,500.00)** for each and every lot or homesite, pursuant to **this article and** Article X of the Amended Articles of Incorporation of the Willow Valley Club Association. In no event shall a new subdivision be designated for inclusion and its lot owners qualified for membership unless either the Association is paid the assessment as herein provided or the subdivision is restricted in a manner that will require the lot purchasers to pay the one-time assessment upon purchase of the lots. No lot or subdivision shall be included in the Association until proof of inclusion from McKellip Land Corporation, or its successors, is satisfied and accepted by the Association or at the discretion of Willow Valley Club Association.

Any newly proposed subdivision must submit proposed maps to the Willow Valley Club Association Board of Directors before submitting them to the Mohave County Approval or Arizona Department of Real Estate public review process for review. The Board of Directors will have 35 days, not including weekends, to review the proposed subdivision including its location, legal description, Zoning and Planning to ensure the proposed subdivision conforms to additional qualifications as authorized by our Articles of Incorporation section VI and further described within this section. However, if the Board is unable to complete this process for any unforeseen circumstance, it does not result in a default for inclusion in the Willow Valley Club Association. The Board of Directors shall notify the responsible party or parties for the proposed subdivision in writing of the unexpected delay and provide a final date for review and notification. The Board of Directors has the right to question zoning changes that are dissimilar to existing Willow Valley Club Association properties. Once the subdivision is approved by both Mohave County and the Willow Valley Club Association, a copy of all approved documents, maps, CCR's (or declaration of restrictions) and public reports shall be delivered to the Willow Valley Club Association office as soon as practicable. In the event that any of these requirements are skipped or missed, it may result in a delay in the Boards decision. Once the Willow Valley Club Association determines that the proposed subdivision is a qualifying property for inclusion, and the proposed subdivision conforms to the additional qualifications and provisions for the retention of membership privileges and the obligations of each class as described herein, the Board of Directors shall approve the proposed subdivision for inclusion in the Willow Valley Club Association and access to all its amenities, provided that the subdivision has satisfied the requirement for the assessment as described herein. Willow Valley Club Association expressly reserves the right to reject any proposed subdivision that does not conform to the Articles of Incorporation and/or the By-Laws. Any fees or other expenses incurred during the confirmation process shall be the responsibility of the person(s) responsible for the development. Any failure or delay in paying said fees or other expenses, including those paid by the club in an attempt to expedite the process, will result in a delay in the confirmation process.

The current qualifying zoning categories that exist as inclusion in the Willow Valley Club Association are:

- R-1 To conserve and protect single family residential development.
- RO Single family/manufactured homes prohibited
- RE As it applies to single family homes
- AR Agricultural Residential as it applies to single family dwellings
- AR1 As it applies to single family homes, allows domestic livestock
- S/DR Grandfathered in, small lot size. Mohave County may not allow new developments wishing to utilize this code.

No housing tracts of developments will be accepted into the Association utilizes gates effectively making the tract or development a separate gated community. Willow Valley Club Association is a single family dwelling community. No multi family dwellings including but not limited to, apartments, condominiums, town homes or similar developments will be accepted as part of the club. No commercial properties of developments qualify for inclusion in the Willow Valley Club Association.

3. Failure to pay assessments within 30 days after the same become due, as determined by the Board shall be cause for suspension or termination of membership privileges in the discretion of the Board.

4. Unless otherwise provided by the Board, all dues and assessments shall be due and payable on or before thirty days following the mailing of notice of such dues. Annual dues shall be payable in advance unless otherwise provided by the Board. Failure to pay dues within 30 days after the same become due shall result in the imposition of additional assessments to cover collection costs, which assessments shall be deemed additional dues. The payment of all dues and assessments may be secured by a lien on the real property of the member in default.

5. A member shall be denied the privilege to vote on any question if they shall be delinquent in payment of any dues or assessments for a period of more than 30 days.

6. Members owning multiple lots or parcels pay only one membership fee.

ARTICLE VIII **Amendments of By-Laws**

These By-Laws may be amended, added to or altered only with the minimum written approval of two-thirds of the members of the Board of Governors and a majority of the members of the Board of Directors or with written approval of two-thirds of the regular members voting. A copy of any amendment or changes to the By-Laws of Willow Valley Club Association shall be furnished to all members of both the

Boards of Directors ten (10) days prior to any meeting during which the proposed change will be discussed or voted.

ARTICLE IX
Inspection of Books

Any **regular** member of the Association in good standing as defined shall have the right to inspect the books and records of the Association at all reasonable times.

Article X
Indemnification

Subject to further provisions thereof, the Association shall indemnify any and all of its existing and former directors, governors, officers, employees and agents against expense incurred by them and each of them, including but not limited to legal fees, judgements, penalties, and amounts paid in settlement of compromise, which may arise or be incurred, rendered, or levied in any legal action brought or threatened against any of them for or on account of any action or omission alleged to have been committed while acting within the scope of employment as director, governor, officer, employee or agent of the corporation, whether or not any action is or has been filed against them and whether or not any settlement or compromise is approved by a court. Indemnification shall be made by the Association whether the legal action brought or threatened is by or in the right of the Association or by any other person. Whenever any existing or former director, governor, officer, employee or shall report to the Chairman of the Board of Directors of the Association that he or she has incurred or may incur expenses, including but not limited to legal fees, judgement, penalties, and amounts paid in settlement or compromise in a legal action brought or threatened against him or her for or on account of any action or omission alleged to have committed by him or her while acting within the scope of his or her employment as director, governor, officer, employee or agent of the Association, the Board of Directors shall, at its next regular or special meeting held within a reasonable time thereafter, determine in good faith whether, in regard to the matter involved in the action or contemplated action, such person acted, failed to act, or refused to act willfully or with gross negligence or with fraudulent or criminal intent. If the Board of Directors determines in good faith that such person did not act, fail to act, or refuse to act willfully or with gross negligence or with fraudulent or criminal intent in regard to the matter involved in the action or contemplated action, indemnification shall be mandatory and shall be automatically extended as specified herein, provided, however, that no such indemnification shall be available with respect to liabilities under the Securities Act of 1933, and, provided further, that the corporation shall have the right to refuse indemnification in any instance in which the person to whom the indemnification would otherwise have been applicable shall have unreasonably refused to permit the Association, at its own expense and through counsel of his own choosing, to defend him or her in the action.

- These By-Laws, originally enacted February 18, 1977, have been supplemented and amended by action of the Board of Directors and the Board of Governors by amendments approved on the following dates: 1) December 11, 1978; 2) May 18, 1980; 3) November 3, 1980; 4) April 20, 1981; 5) April 18,

1982; 6) June 6, 1982; 7) February 7, 1983; 8) March 5, 1984; 9) March 9, 1992; 10) March 2, 1992; and 11) April 12, 1992; 12) February 5, 2001; 13) May 7, 2001

- ADOPTED by action of the Board of Directors on the 5th day of February 2001, the 5th day of March 2001 and the 7th day of May 2001 and by action of the Board of Governors on the 7th day of May 2001
- REVISION to By-Laws of lot assessments, Adopted by action of the Board of Directors on the 5th day of November 2001 and by action of the Board of Governors on the 7th day of January 2002.
- REVISION to By-Laws on lot assessments, Adopted by action of the Board of Directors on the 3rd day of March 2005 and by action of the Board of Governors on the 3rd day of March 2005.

(Signatures removed from working copy)