



Bylaws

**Effective February 8, 2017*

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BY-LAWS OF AMCC, INC.

These Bylaws supersede and replace in their entirety any and all Bylaws of the Club adopted or enacted prior to the date hereof, and any and all such prior adopted or enacted Bylaws shall be of no further force or effect. These Bylaws, and any and all amendments hereafter adopted, shall be binding upon each member of the Club whether or not they have been read or understood by such member

ARTICLE I. NAME, PURPOSE, and CORPORATE SEAL

The name of the Club is AMCC, Inc. (hereafter referred to as the Club). Its purpose is to own, operate and maintain a club on a nonprofit basis for the benefit of its owners and members. The Club shall be operated and maintained in accordance with these Bylaws. The principal place of business of the Club shall be 1460 N. Alta Mesa Drive, Mesa, Arizona, 85205. The corporate seal of the Club shall be circular and shall have on the circumference of the circle "AMCC, Inc."

ARTICLE II. GOVERNING OF THE CLUB

Management by nine directors. The business, property and affairs of the Club shall be managed by a Board of Directors who shall be Regular Members in good standing (as defined in Article VII, Section 4 of these Bylaws) or their spouse. The Board shall consist of nine (9) directors, three of whom shall be elected at each annual meeting, in accordance with the procedures set forth in Article V of these Bylaws. Each director shall serve a term of three (3) years and shall serve until his or her successor is elected. No person shall be eligible for election as a director for more than two (2) successive terms.

Vacancies. Vacancies on the Board of Directors shall be filled by appointment made by the remaining Directors. Each person selected to fill a vacancy shall remain a director until the Regular Members have elected his or her successor at the next election of directors.

Officers. The newly elected Board of Directors shall meet within five (5) business days of the Annual Meeting to elect officers, including a President, one or more Vice-Presidents, Secretary and Treasurer. Officers shall serve for a term of one (1) year and until their successors are elected. The Board of Directors may remove any officer or director from the Board at any time, with or without cause, upon a majority vote of the other directors.

ARTICLE III. DUTIES AND POWERS OF OFFICERS

The Officers shall have such duties and powers as bestowed upon them from time to time by the Board of Directors, including but not limited to the following.

Section 1. President

The President shall preside at all meetings of the members and of the Board of Directors, and shall enforce all Bylaws, Rules and Regulations and Policies and Procedures of the Club.

Section 2. Vice President

In the absence or disability of the President, or at the President's request, the Vice-President shall perform the duties of the President.

Section 3. Secretary

The Secretary shall keep, or cause to be kept, a record of all meetings of the members and of the Board of Directors in a book kept by the Club for that purpose. The Secretary shall be responsible for issuance of all notices to the members of meetings of the Membership. The Secretary shall have custody of the seal of the Club, and all membership records shall be kept under the supervision of the Secretary.

Section 4. Treasurer

The Treasurer shall keep, or cause to be kept, all accounts of the Club, and shall be responsible for all Club monies. The Treasurer shall see to it that the Club bills are paid when approved by the Board of Directors and shall preserve vouchers for all such expenditures. The Treasurer shall make available for inspection all financial records of the Club to any Regular Member in good standing upon reasonable request. The Treasurer shall send, or cause to be sent, monthly statements of account or other charges to each member and shall oversee the implementation and enforcement of Policies and Procedures concerning collection of delinquent accounts.

ARTICLE IV. DUTIES AND POWERS OF THE BOARD OF DIRECTORS

Section 1. Duties

a. Meetings. The Board of Directors shall meet monthly to discuss and take such action as necessary or prudent in connection with the business and affairs of the Club. The President shall designate the date and place of the meeting. Board members are expected and required to attend all regularly scheduled meetings. A board member who misses more than two (2) regularly scheduled meetings in any calendar year without his or her absence having been excused shall be deemed to have resigned his or her position on the Board, and he or she shall be replaced in accordance with the procedures set forth in these Bylaws. Absenteeism shall not be excused except for good cause. Meetings of the Board of Directors are generally closed to the membership. However, any member desiring to address the Board may do so by notifying the President of the Board or the General Manager at least 24 hours before the next regular Board meeting.

b. Presentation of Financial Condition of the Club. Operational Plan. At or before the annual meeting the Board of Directors shall deliver to the members an Operational Plan for the Club setting forth projections of all income, expenses and capital requirements for the current fiscal year. The Operational Plan shall include a projection of (i) Statement of Net Income, (ii) Balance Sheet, and (iii) Statement of Cash Flow. These statements shall identify the capital requirements of the Club for the fiscal year and the source of financing for the acquisition of the capital. The Board shall also provide an estimate or projection of the capital requirements for each of the succeeding five (5) fiscal years. The Operational Plan shall conform to the limitations set forth in Article IV, Section 4 of these Bylaws. Comparison of actual performance to projection. At each Annual Meeting, the Board of Directors shall present to the members a financial report for the Club setting forth actual income, expenses and capital acquisitions for the preceding year, using the same format as used for the Operational Plan, and comparing the projections to the actual result of operations for that fiscal year. Both the Operational Plan and the year-end financial report shall be in a format compliant with Generally Accepted Accounting Principles. The year-end financial report shall be prepared by an independent party qualified to do so. The annual report shall be printed and made available to all members at least five (5) days prior to the Annual Meeting.

c. Saving for the purpose of funding the Security Deposit Obligation as defined below. In 1988, in connection with the purchase of the Club from Estes Homes, AMCC, Inc. assumed a financial obligation to reimburse certain members for the members' "Security Deposits" that were submitted with their applications for membership in the Club. The Club accepted the Security Deposits with the promise that they would be unconditionally repaid not later than thirty (30) years from the date of the acceptance of the application for membership. This obligation of the Club (hereafter referred to as "The Security Deposit Obligation") is documented in that certain Assignment, Assumption, and Indemnification Agreement

between Estes Homes and AMCC, Inc. dated July 6, 1988 and is referenced in the initial Bylaws of the Club. The identity of the persons to whom a Security Deposit payment is owed is maintained by the Club on a list with the amount owed and the due date. The first of the payments will be due in 2014 or at such time as the Club membership is "full", whichever comes first. To assure that the Club has adequate funds to satisfy the Security Deposit Obligation when it comes due, the Board of Directors, on an annual basis, shall assess the status of the Club's ability to pay the Security Deposit Obligation, and shall make deposits into a "Special Purpose Fund" monthly so that the obligation will be fully funded by its due date. Funds deposited to the "Special Purpose Fund" shall not be used for any purpose other than that described herein without approval of the membership by a vote taken in accordance with Article VIII of these Bylaws.

Section 2. General Powers

The Board of Directors shall have the powers set forth in the Articles of Incorporation of the Club and in these Bylaws, and the power to do all other things not inconsistent with these Bylaws, deemed by the Board as necessary and expedient to control, protect and manage the property and affairs of the Club, including but not limited to:

1. Establish types or categories of Memberships;
2. Establish the selling price for each type or category of Membership;
3. Issue, cancel and transfer Memberships;
4. Interpret these Bylaws, or any parts thereof, which may be in conflict or of doubtful meaning;
5. Adopt, alter, amend and/or repeal Rules and Regulations and Policies and Procedures as it deems appropriate concerning the conduct of members and the use of the facilities;
6. Hire and fire employees of the Club, including but not limited to a General Manager, and delegate such duties and authority to him or her as the Board considers necessary for the efficient and proper operation and management of the Club;
7. Appoint committees and assign duties to the committees;
8. Establish the amount of monthly dues, fees and assessments, subject to the limitations set forth in these Bylaws;
9. Enter into contracts and expend funds up to the amount in the Club's treasury, including receivables;
10. Borrow money and incur debt on behalf of the Club, including encumbering the assets of the Club, subject to the limitations set forth in these Bylaws;
11. Take such other actions as deemed necessary and prudent by the Board and as permitted by the laws of the State of Arizona with respect to nonprofit corporations.

Section 3. Limitations on the power of the Board to increase dues and levy assessments

- (a) Monthly dues may not be increased by more than ten percent (10%) in any consecutive twelve-month period without approval of the Membership in a vote taken in accordance with Article VIII of these Bylaws.
- (b) The Board of Directors may, without member approval, levy and collect an assessment from each Regular Member up to a maximum of five hundred dollars (\$500.00) in any consecutive twelve-month period unless a greater amount is approved in a vote of the Membership taken in accordance with Article VIII of these Bylaws.

Section 4. Limitations on the power of the Board to incur debt.

The Board of Directors is authorized to borrow money and incur debt on behalf of the Club as necessary and prudent for the proper and efficient operation of the Club, including encumbering the assets of the Club, subject to the following limitations:

(a) Total long-term debt not to exceed 50% of the equity of the Club. The total long-term debt of the Club, as defined by Generally Accepted Accounting Principles (GAAP), including payments due in one year, but excluding the Security Deposit Obligation (defined in Article IV, Section 1) shall not exceed 50% of the equity of the Club as presented in the annual financial statements to the members for the previous fiscal year, unless a greater percentage debt is approved by a vote of the membership taken in accordance with Article VIII of these Bylaws;

(b) Aggregate of annual payments on operating leases, required principal reduction and interest on long-term debt, and deposits made to the Special Purpose Fund not to exceed 33% of total monthly dues income. Total annual payments on all operating leases, and required principal reduction and interest on all long-term debt obligations as defined by GAAP, as well as deposits made to the Special Purpose Fund pursuant to Article IV, Section 1(c) may not exceed 33% of the total regular monthly dues income as projected in the annual Operational Plan (defined in Article IV, Section 1(b)) unless a greater percentage is approved by a vote of the membership taken in accordance with Article VIII of these Bylaws.

(c) Working capital to be not less than \$150,000. In preparing the Operational Plan as required by Article IV, Section 1, the working capital as adjusted, at the end of the budget year, shall not be less than \$150,000 unless a lower amount is approved by a vote of the membership taken in accordance with Article VIII of these Bylaws. In computing the adjusted working capital for this Article, the current cash balance in the Capital Expenditure Fund shall be excluded from current assets and the current portion of long-term debt maturing in one year shall be excluded from current liabilities.

(d) Outstanding principal on any first-position note or mortgage secured by the property shall not be increased. The outstanding principal amount of any first-position Note secured by the Property shall not be increased at any time unless approved in a vote of the Membership taken in accordance with Article VIII of these Bylaws. The Board of Directors is authorized to refinance or renegotiate the first- position Note without a vote of the membership so long as the outstanding principal debt is not increased.

(e) Lines of credit not to exceed \$300,000 in the aggregate and must be paid within 12 months. The Club may maintain one or more lines of credit up to a maximum aggregate amount of \$300,000 unless a greater amount is approved in a vote of the Membership taken in accordance with Article VIII of these Bylaws. No amount borrowed on the line of credit shall be outstanding for more than one year from the date of borrowing unless otherwise approved by a vote of the membership.

Section 5. One-time sources of revenue and specially designated funds. (a) Use of one-time sources of revenue limited to capital expenditures or debt-reduction. Except as set forth in subparagraph (a)(1) below regarding expenditure of funds from the sale of land, all one-time sources of revenue, including income from the sale of memberships, transfer fee income, and proceeds from the sale of any capital asset shall be used only for capital expenditures or debt reduction, unless other use is approved by a vote of the membership taken in accordance with Article VIII of these Bylaws. The revenue from one-time sources shall be kept separate and segregated in a special account in the books and records of the Club and this account shall be deemed the Capital Expenditure Fund.

(a)(1) Expenditure of the net proceeds from the sale of any land owned by the Club shall be segregated in a separate account and shall not be expended for any purpose without prior approval by a vote of the membership taken in accordance with Article VIII of these Bylaws.

(b) Segregation of Specially Designated Funds. Any funds received by the Club other than from dues, assessments, sale of memberships, transfer fees or operating sales revenues shall not be commingled with operational funds but shall be separately accounted for and expended only in accordance with the purpose designated by the provider(s) of the funds. In the event the provider(s) fail to designate a specific purpose for the funds, the funds may be held or used for a purpose deemed by the Board to be in furtherance of the best interests of the Club.

Section 6. Execution of Instruments; Handling of Deposits and Funds

All Checks, drafts and orders for payment of money shall be signed in the name of the Club and shall be countersigned by those officers or agents as the Board of Directors shall from time to time designate for that purpose. When the execution of any contract, conveyance or other instrument has been authorized, the president or any vice-president, and the secretary may execute the document in the name of and on behalf of the Club. The Board of Directors shall have the power to designate the officers and agents who shall have authority to execute any instrument on behalf of the Club. Such authority may be general or confined to specific instances. All funds of the Club shall be deposited to the credit of the Club in the banks, trust companies or other depositories as the Board of Directors may select.

Section 7. Indemnification

The members of the Board of Directors serve in a volunteer capacity. As such, no director shall be liable for the liabilities of the Club, or for the failure of the Club to observe any formalities or requirements relating to the exercise of its powers of management over its business or affairs. The Club shall indemnify the directors for all costs, losses, liabilities and damages paid or accrued by such director in connection with the business of the Club to the fullest extent provided or allowed by the laws of the State of Arizona and shall provide Errors and Omissions insurance coverage for that purpose. This indemnification shall extend only to the actions of the director performed in connection with his or her duties as a director and shall not extend to any personal misconduct of the director outside the scope of his or her duties as a director.

ARTICLE V. ELECTIONS OF DIRECTORS

Section 1. Elections Committee

Not later than November 15 of each year, the Board of Directors shall appoint a committee consisting of at least three (3) Regular Members in good standing or their spouses charged with nominating members for the Board of Directors. The names of the committee members shall be posted in the Clubhouse until after "Meet the Candidates Night". No present director shall be a member of the Elections Committee and no member of the Elections Committee shall be nominated for election as a director.

Section 2. Nomination

a. Nominations for the Board of Directors may be made by any Regular Member in good standing, or his or her spouse, or by the Elections Committee, and shall be submitted in writing to the Committee prior to 5:00 p.m. on the date set by the Committee, not later than December 15 of each year. The nomination package shall include a biographical summary or short description of the nominee's qualifications and a photograph to be posted in the Club lobby prior to "Meet the Candidates Night".

b. At no time may the spouse of a member of the Board of Directors be elected or appointed to the Board while the other spouse is on the Board. A spouse of a member of the Board may be nominated and elected to the Board provided that the other spouse's term of office is expiring.

Section 3. Meet the Candidates Night

The Elections Committee shall organize and conduct "Meet the Candidates Night", to take place in the Clubhouse no more than five (5) weeks after the close of nominations.

Section 4. Voting Procedures

A ballot listing all nominees for the Board of Directors shall be provided to all Regular Members in good standing within seven (7) days after "Meet the Candidates Night" or ten (10) days before the Annual Meeting, whichever is sooner. Space shall be provided on the ballot for write-in candidates. Write-in candidates must be Regular Members in good standing or his or her spouse and must meet the eligibility requirements for service on the Board of Directors. The election shall occur at the Annual Meeting. Ballots may be returned by mail or delivered to the Club to the attention of the Elections Committee and, to be counted, must be received no later than 7:00 p.m. the day of the election.

Members may cast up to three votes each, but no more than one vote for any candidate. Any ballots that contain more than three votes or more than one vote per candidate will not be counted. The three candidates receiving the most votes will be elected to the Board. In the event of a tie, there shall be a run-off election for the contended position only.

Section 5. Counting and Certification of the Ballots

The Ballots shall be counted and certified in accordance with Article VIII, Section 13 of these Bylaws.

Section 6. Run-off Election

In the event of a tie vote, there shall be a run-off election for the contended position. Within seven (7) days of the annual meeting, the Elections Committee shall mail ballots to all Regular Members in good standing, listing the candidates who tied for the Board position. Ballots in the run-off election shall conform to the requirements of this Article and shall be returned to the Elections Committee no later than the date set by the Elections Committee which shall not be later than the second Tuesday in March. Ballots shall be counted in accordance with Article VIII, Section 13 of these Bylaws.

ARTICLE VI. COMMITTEES

Section 1. Standing Committees.

The following shall be standing committees of the Club.

1. Finance Committee
2. Membership Committee
3. Rules and Bylaws Committee
4. Greens and Grounds Committee
5. Golf Committee
6. Food and Beverage Committee
7. Long-term Planning Committee

All committees, except the Elections Committee, shall be chaired by a member of the Board of Directors. The Finance Committee shall be chaired by the Treasurer.

All committee members must be Regular Members in good standing, and/or their spouses. The function of the committees is to provide advice to the Board or perform tasks as directed by the Board. Neither the committees nor their members have power or authority to bind the Club or the Board to any action, and membership in committees may be reorganized or altered or the committees disbanded at any time without cause, in the sole discretion of the Board. The duties of the committees shall be as defined by the Board of Directors and set forth in the Club Policies and Procedures.

Section 2. Elections Committee

Each year, the Board of Directors shall appoint an Elections Committee consisting of at least three (3) Regular Members in good standing or their spouses to perform the tasks outlined in Article V of these Bylaws.

ARTICLE VII. MEMBERSHIPS

Section 1. Admission to Membership

Prospective members shall apply for membership by submitting a completed Application with the appropriate fee to the Board of Directors. The Board of Directors shall cause to be performed all necessary and reasonable inquiries to determine the qualifications of the applicant for membership, including, but not limited to, a credit check, background check and reference validation. The Board of Directors shall vote upon all current applications. Any applicant who receives three or more negative votes shall be denied membership, and all fees paid shall be refunded to the applicant less any charges accrued during the interim. Upon approval of the Applicant for membership, the Board of Directors shall issue a Certificate of Membership to the member.

Section 2. Types of Membership.

The Board of Directors may establish from time to time such types or categories of Membership as it deems appropriate, and shall define and publish in the Club Policies and Procedures, the qualifications, rights, and privileges of the members of each type of Membership.

Section 3. Regular Members in Good Standing Defined

A Regular Member in Good Standing is one to whom a Certificate of Membership has been issued, who is current in all payments due to the Club, who abides by the Bylaws of the Club and is in compliance with all Rules and Regulations and Policies and Procedures of the Club. Only individuals may be Regular Members, and no individual may own more than one Regular Membership.

Section 4. Voting Rights of Members

Only Regular Members in good standing shall be entitled to vote on any matter submitted to the Membership for voting. Each certificate of membership is entitled to one vote. Inactive members in good standing shall be deemed Regular Members in good standing for voting purposes.

Section 5. Sale of Memberships

Memberships may be sold or transferred only as set forth below.

A. Memberships in various categories may be sold by the Club subject to approval of the Applicant for membership by the Board of Directors. The price of memberships purchased from the Club shall be as established by the Board of Directors from time to time in its sole discretion.

B. Regular Members desiring to sell their memberships may do so only by using the following procedure and subject to the following rules:

1. All sales of memberships shall be handled through the Club. No sale or transfer of a membership shall be binding on the Club unless the transaction is handled in the manner set forth in these Bylaws.

2. All applicants for purchase of a membership are subject to approval by the Board of Directors. Only regular memberships may be transferred.

3. Any active, regular member in good standing may sell his or her membership in accordance with these Bylaws. Inactive members or members not in good standing are not eligible to sell their memberships.

4. Resale List Procedure

a. The Selling Member shall register his or her name on a Resale List maintained by the Club and shall agree, in writing, to be bound by the rules established by the Board of Directors from time to time for the resale of memberships.

b. The price for memberships sold off the Resale List shall be the same price as that established by the Board of Directors from time to time for the sale of Club memberships.

c. Sales from the Resale List shall be made based on a ratio of equity Club memberships to resale memberships. The ratio shall be set by the Board of Directors from time to time, but in no event shall the ratio exceed 3 equity club memberships to 1 resale membership.

d. The Resale List will be established on a date to be announced by the Board of Directors ("the Opening Date"). All persons registering on the Opening Date will be listed on the Resale List in order of seniority as an equity member of AMCC, Inc. Any persons registering after the Opening Date will be added to the Resale List in chronological order according to the date on which their registration is submitted.

e. A member may remove his or her name from the Resale List at any time prior to the membership being sold. For purposes of this paragraph, a membership will be deemed sold once the buyer pays the purchase price to the Club, whether or not the buyer has been approved for membership. When the purchase price is paid, the Selling Member will be notified that his membership has sold and his privileges of membership shall cease at the end of that month. When the Buyer is approved for membership, the purchase price, less any transfer fee or other charges, shall be paid to the Selling Member. If the buyer is not approved for membership, the Selling Member shall retain his or her place on the Resale List.

5. Any regular member, active and in good standing, who remains on the Resale List until his or her membership sells will receive 100% of the selling price obtained when the membership sells, less any transfer fees or other charges owing.

6. Any regular member, active, in good standing and on the Resale List who locates an Eligible Buyer (as defined in the Resale List Registration Agreement) for his or her membership will receive 100% of the sales price obtained for that membership less any applicable transfer fee or other charges owed. The Selling Member's privileges will cease at the end of the month in which the sale is made.

7. Transfer fee.

The transfer of a regular membership shall be subject to a transfer fee to be paid to the Club at the time of the sale. For those members who have been issued a Certificate in Lieu of Transfer Fee, the transfer fee will be deemed paid upon surrendering the Certificate at the time of the sale. The amount of the transfer fee shall decline with the length of time the Selling Member held his or her membership prior to the sale, as follows:

(a) For memberships held five (5) years or less, the transfer fee shall be 75% of the sales price;

(b) For memberships held more than five (5) years but less than ten (10) years, the transfer fee shall be 50% of the sales price;

(c) For memberships held more than ten (10) years the transfer fee shall be 25% of the sales price.

8. One-time transfer to immediate family member.

A regular membership may be transferred without payment of a transfer fee one time only to an immediate family member (as defined in the Club's Policy and Procedure Manual) subject to the family member having been approved for admission to membership.

9. Death or Divorce.

In the event of the death or divorce of the owner of the Certificate of Membership, the Membership Certificate shall be reissued as provided for in the Last Will and Testament, Trust Agreement, Settlement or Divorce Decree as the case may be. There will be no transfer fee imposed for the re-issuance of the Certificate of Membership to the surviving spouse of the deceased Member, or to the spouse of the divorcing Member.

ARTICLE VIII MEETINGS AND VOTING

Section 1. Annual Meeting.

The Club shall have an annual meeting in which members of the Board of Directors for the upcoming year shall be elected, a financial report shall be given, and any committee reports and such other business shall be conducted as the existing Board determines appropriate. The annual meeting shall occur on a Tuesday in February and shall take place at the AMCC Clubhouse or such other place in Maricopa County as the Board may designate. Notice of the annual meeting shall be given to all Regular Members in good standing via regular mail postmarked no later than 10 days before the meeting date. Directors shall be elected in accordance with the procedures in Article V of these Bylaws. In the event of a conflict between Article V and Article VIII, then the procedures in Article V shall control with respect to election of directors.

Section 2. Special Meetings.

Special meetings of the Regular Members shall be called by the Secretary within 30 days of (i) the request of the President; (ii) a majority vote of the Board of Directors; or (iii) a written petition signed by at least ten percent (10%) of the Regular Members in good standing. The request for a meeting or the petition shall succinctly state the purpose of the meeting, the matter requested to be voted on, if any, and the specific language for the issue or issues to be voted on.

The meeting shall occur not more than thirty (30) days following the time the meeting is called by the Secretary. The Secretary shall provide written notice of the meeting by regular mail to all Regular Members in good standing. The notice shall be postmarked not less than ten (10) days before such meeting and shall also be posted in the clubhouse. Such notice shall state the object or objects for which such meeting is called and the issues to be voted on, if any. No business other than that specified in the notice shall be transacted at such special meeting. All such special meetings shall be held at the AMCC Clubhouse or such other place in Maricopa County as specified in such notice.

Section 3. Parliamentary Rules.

All meetings of the Regular Members shall be conducted according to the latest edition of Roberts' Rules of Order, unless the Board decides otherwise or to the extent inconsistent with these Bylaws. Any action taken at any such meeting shall not, however, be invalid because of any failure to adhere to Roberts' Rules of Order.

Section 4. Matters Requiring Member Vote.

The following require a majority vote of a quorum consisting of at least 20% of the Regular Members in good standing, present in person, by proxy, or voting by mailed or delivered ballot:

- (a) Election of the Board of Directors.
- (b) Any increase in monthly dues greater than ten percent (10%) in any consecutive twelve-month period.
- (c) Any assessment greater than \$500 in any consecutive twelvemonth period.
- (d) Any increase in the outstanding principal amount of the first-position Note secured by the Property.
- (e) Any borrowing where the total long-term debt of the Club, as defined by Generally Accepted Accounting Principles (GAAP), including payments due in one year, but excluding the Security Deposit Obligation (defined in Article IV, Section 1) will exceed 50% of the equity of the Club as presented in the annual financial statements to the members for the previous fiscal year.
- (f) Any borrowing where the total annual payments on all operating leases and required principal reduction and interest on all long-term debt obligations as defined by GAAP, as well as deposits made to the Special Purpose Fund pursuant to Article IV, Section 1(c) will exceed 33% of the total regular monthly dues income as projected in the annual Operational Plan.
- (g) An Operational Plan that provides for less than \$150,000 in working capital, as adjusted, at the end of the budget year.
- (h) Any use of one-time sources of revenue including income from the sale of memberships, transfer fees or the sale of capital assets for other than capital expenditures or debt reduction.
- (i) Any use of the "Special Purpose Fund" other than for payment of the Security Deposit Obligation.
- (j) Any issue requested to be put to a vote of the Regular Members by at least ten percent (10%) of the Regular Members in good standing.

The following issues require a yes vote of 2/3 of a quorum consisting of at least 50% of the Regular Members in good standing, present in person, by proxy, or voting by mailed or delivered ballot:

(k) Amendment of the Bylaws. (l) Any sale, lease or other disposition of any portion of the land or buildings belonging to the Club.

Section 5. Quorum.

A quorum is required to conduct Club business with or without a meeting. Unless otherwise noted herein, twenty percent (20%) of Regular Members in good standing must vote either in person, by proxy, or by mailed or delivered ballot to constitute a quorum for any vote. Less than a quorum may adjourn a meeting or continue a vote without a meeting until a quorum is present. In the event of such a continuance, all Regular Members shall be notified of the newly scheduled meeting or voting deadline by regular mail to be postmarked at least 10 days before such vote.

Section 6. Member Action by Ballot without a Meeting.

All matters to be acted upon by the Regular Members, except for election of the Board, may be conducted by ballot without a meeting. In those cases, the Board shall provide a form of ballot. The ballots shall provide a due date for return not less than ten (10) business days after the ballots are mailed to the members. To be counted, all completed ballots must be delivered to the Administrative Office at the Club or received by mail by 5:00 p.m. on the due date, irrespective of when postmarked. The voting consultant shall count the votes the next business day following the due date and certify the vote by the next following day.

Section 7. Objections to the Form of the Ballot.

The form of the ballot shall be determined by the Board. Objections to the form of any ballot must be submitted to the President, in writing, not later than 5:00 p.m. five (5) business days before the meeting in question (or the due date for action without a meeting). The Board of Directors shall vote on the objection immediately prior to the member meeting or vote in question. If the objection is overruled, the meeting or vote shall proceed. If the objection is sustained, the meeting or vote shall be re-noticed and the ballots modified accordingly. Failure to object to the form of the ballot shall constitute a waiver of any such objection.

Section 8. Voting by Mailed or Delivered Ballot.

All matters to be placed to a vote may be voted on by mailed or delivered ballot. The notice of any annual or special meeting shall include a ballot for any items to be voted upon at the meeting. All ballots by mail shall be received at the Club before the meeting in question irrespective of when the ballot was postmarked. All ballots delivered or received by mail shall be placed in the ballot box and delivered to the voting consultant before the start of the meeting.

Section 9. Secret Ballot.

All member votes shall be by secret ballot. These ballots, and the content thereof, shall be accessible only by the outside consultant retained for the purpose of counting ballots. No board member, other club member, management personnel or staff member is authorized to open any ballot except to assist the consultant and in the presence of the consultant. All ballots shall be retained by the independent consultant for one year after any vote.

Section 10. One Vote

Each Regular Member in good standing shall be entitled to cast one (1) vote for the Certificate of Membership registered in his or her name on the books of the Club. If a quorum is present, either personally, through proxy or via mailed or delivered ballots, then a vote of the majority of such Regular

Members in good standing shall be valid as an act of the Club, except as otherwise required by law, the Articles of Incorporation of the Club or these Bylaws.

Section 11. Proxy

Regular Members in good standing may vote by proxy. A form of such proxy and instructions for registration of the proxy shall be available at the Club. To be valid, such proxies must be validly registered prior to the vote, and shall be presented at the meeting in which a vote is held or shall be included with mailed or delivered ballots. The proxies shall be maintained by the consultant retained for counting votes.

Section 12. Signing of Ballots

All votes must be made on the ballot form supplied for such vote. To be valid, the ballot must be signed and dated by the member or his or her proxy.

Section 13. Counting of Ballots

All ballots received by mail or delivered to the Club shall be placed in the ballot box before the meeting in question. All ballots submitted at the meeting shall then be placed in the ballot box. All member votes shall be counted by an independent consultant (CPA or otherwise). The consultant shall attend all member meetings in which a vote is held and shall count the ballots. The consultant shall certify to the Board the results of any election by close of business the day following the meeting in which the vote in question occurred. The voting consultant shall count the ballots at the meeting and shall announce the tentative results of the vote at the meeting.

Section 14. Audit of Member Vote

The results of any vote are to be audited only if so requested by the President or upon the written request of three Regular Members in good standing delivered to the President. The request to the President shall be made within two business days after the vote is certified. If three Regular Members in good standing request an audit, the President shall request the audit by the next business day following the members' request. Any request for an audit by the President on his own initiative shall be made within two business days following the certification. The audit shall be conducted by a second consultant who shall certify the audit results to the Board within one week from the time requested by the President.

ARTICLE IX. DUTIES AND OBLIGATIONS OF THE MEMBERS

Section 1. Abide by the Bylaws, Rules and Regulations, Policies and Procedures.

It is the duty of all Members to familiarize themselves with the Bylaws, Rules and Regulations and Policies and Procedures of the Club. Any Member who fails to abide by the Bylaws, Rules or Regulations or Policies and Procedures is subject to suspension or expulsion from the Club in accordance with the provisions for suspension and expulsion set forth herein.

Section 2. Timely Payment of Monthly Dues and other charges

Monthly dues, in an amount established from time to time by the Board of Directors, and all other charges incurred by a member are due and payable thirty (30) days from the date of billing.

Section 3. Timely Payment of Assessments

Any assessments levied by the Board of Directors are due and payable within thirty (30) days of the date of billing unless the Board of Directors approves other payment arrangements in writing.

Section 4. Late Charges; Suspension of Charging privileges

Any accounts not timely paid shall accrue late charges in an amount set forth on the billing statement. The Club reserves the right to suspend charging privileges of any member, without further notice, whose account is not timely paid.

ARTICLE X. EXPULSION FROM THE MEMBERSHIP OR SUSPENSION OF PRIVILEGES

Section 1. Grounds for expulsion or suspension.

Any member may be expelled from the Club or have his or her privileges suspended by affirmative vote of two-thirds of the Board of Directors for conduct not conducive to the welfare or best interests of the Club, at the sole discretion of the Board of Directors.

Section 2. Procedure for expulsion or suspension

Any member whose conduct gives rise to potential expulsion or suspension of privileges, except suspension of charging privileges for delinquent accounts, shall be given fourteen (14) days' notice in writing of the Board's intent to expel or suspend privileges. The notice shall be delivered in person or by Certified Mail. If mailed, the notice shall be deemed received three (3) business days from the date of mailing whether or not receipt is confirmed.

Except in cases where the conduct complained of poses an immediate danger or risk of harm to the Club, its employees or other members, the member shall be given the opportunity to address the Board in person or in writing prior to the Board taking action to expel or suspend privileges. Upon the expiration of the fourteen (14) days, the Board shall vote and may take any action it deems appropriate against the member including censure, suspension of privileges for a stated period of time, expulsion from the Membership, or any other action allowed by law.

Section 3. Effect of suspension or expulsion

Any member whose privileges have been suspended or who has been expelled from the membership shall have no rights of membership during the term of the suspension or after the effective date of the expulsion except that a suspended member retains the right under Article VII Section 6 respecting the Sale of Memberships, so long as all monthly dues and other charges are current. Any sale of the suspended member's membership shall be governed by these Bylaws.

An expelled member loses all rights and privileges of membership and ownership, including the right to sell his or her membership. Upon expulsion, the Certificate of Membership belonging to the expelled member shall be deemed surrendered. The Club shall be under no obligation to purchase the membership of any member.

ARTICLE XI. AMENDMENT OF THE BYLAWS

These Bylaws may be amended, repealed or altered only by an affirmative vote of 2/3 of all votes cast of a quorum of at least 50% of the Regular Members in good standing. The notice of any vote on such matters shall include the precise proposed change to the Bylaws. Proposed changes to the Bylaws may be submitted to the Board by the Bylaws committee or by any member or group of members. The Board shall then decide whether any such proposed change shall be submitted to the Regular Members for a vote. The Board shall notify the proponent of the change of its decision at the earliest feasible date. If a change is proposed by at least 10% of the Regular Members in good standing, the proposed change shall be submitted to the Regular Members for a vote.