

**Amended
By-laws for
Cloud Country Club, Inc.
July 4, 2009**

**ARTICLE I
NAME AND PRINCIPAL OFFICE**

Section 1: **NAME:** The name of the corporation is **Cloud Country Club, Inc.**, (the "corporation") a nonprofit corporation, organized in accordance with the laws of the State of New Mexico.

Section 2: **Principal Office.** The Principal office of the Club shall be located in the city of Mayhill, New Mexico, 88339, County of Otero, but meetings of members and directors may be held at such places on or within Otero County as may be designated by the Board of Directors.

Section 3: **Registered office.** The Registered office of the Club required by the New Mexico Nonprofit Corporation Act to be maintained in the State of New Mexico shall be at 2 Cloud Country Drive, Mayhill, New Mexico 88339-9708.

**ARTICLE II
OBJECTIVES**

This shall be a non-stock, nonprofit membership corporation with the following objectives:

1. To operate a country club for the pleasure and recreation of its members, and in connection therewith, tennis courts, swimming pond, fishing pond and as financially advisable access to a golf course, winter activities and any other means of recreation which its directors may consider advisable to its members.
2. Generally to provide for the mutual assistance, enjoyment, and entertainment of corporation members.
3. To establish and collect all dues and fees from the members necessary to accomplish the objectives of the corporation.
4. This corporation shall be a nonprofit corporation. No part of net earnings will inure to the benefit of any private member, director, or officer.

ARTICLE III
MEMBERSHIP

Section 1: **COMPOSITION**: The Board of Directors shall establish membership classifications in order to accommodate the needs of the membership.

Section 2: **MEMBERS**: A Member shall be an individual, firm or company who is an owner of one or more lots located in Cloud Country Estates Subdivision Units 1 and 2, Cloud Country West Units 1, 2, and 3, Waterfall, Silver Springs, Cloud Country Park, Cloud Country North, owner of Cloud 9 Townhouses located in Cloudcroft, New Mexico or a lessee in Cloudcroft Lodge, all located within Otero County, New Mexico. The owners of property in Cloud Country Estates Units 1, 2 are mandated membership, all others have the option of membership. The Club Board of Directors (CCCBOD) may charge a non-transferable initiation fee for initial Club membership. The initiation fee amount will be addressed and determined by the BOD on an annual basis.

An Associate membership is available for immediate family members of social members and for multiple owners. Multiple owners will designate, in writing, a primary user who will be the Club social member; other owners will be mandated associate membership.

Section 3: **VOTING**: Each member (excluding the associate class), in good standing, is entitled to one vote on each matter submitted to a vote of the membership. A member in good standing shall be defined as a member who has met all of their financial obligations to the Club.

Section 4: **FEES/DUES**: The Members shall pay dues/fees to the Club in an amount as determined by the Board of Directors. Members are required to make payment of annual dues within 60 days of the billing date reflected on the bill/invoice. Dues of a new member shall be prorated from the first day of the month following initial acceptance as a Social member. Associate memberships shall not be prorated

Section 4.1: **INCREASES IN DUES**: The Board of Directors may increase dues on an annual basis. However, the Directors shall not, without a vote of the membership, increase dues at a rate greater than the rate of increase in the cost of living. The base month to be used for this purpose is the month of December, and the Index to be used is the "All Items" column in the table entitled "Consumer Price Index – U.S. Average All Items in Commodity Groups" published monthly in the Monthly Labor Review of the U.S. Bureau of Labor Statistics of the United States Department of Labor.

In the event the Consumer Price Index as stated above is discontinued, the Board may use comparable statistics on the purchasing power of the consumer dollar published by a responsible financial periodical of recognized authority. It is understood that the dues shall not be in excess of the dues charged by comparable country clubs in the area and the cost of living increases limitation imposed herein is for the purpose of preventing the dues from becoming excessive. An increase in dues requiring a vote of the membership shall be approved upon receiving the affirmative vote of a majority of the members at a duly constituted meeting.

In order to allow for the payment of a fair portion of the assessment by all members of the club, the Board of Directors may add reasonable interest, late fees, and collection fees to any past due account. These fees may include, but are not limited to, deterrent late fees (not to exceed 25% of the assessment in any year), collection agency fees and interest and legal fees as well as other reasonable costs incurred by the club in collecting the account.

Section 4.2: **SPECIAL ASSESSMENTS**: Upon the consent of an absolute two thirds (2/3) vote of all Directors, special assessments may be made of the membership, for the purpose stated in the said assessment and said assessment shall be payable at such time after notice to the members as specified by the Board of directors

Section 4.3: **LIEN RIGHTS**: Where appropriate, and wheresoever allowed by the succession in interest by the Club/Corporation to rights of Cloud Country Club Incorporated, the Board of Directors may direct that unpaid dues and assessments may be enforced by lien against property belonging to Cloud Country Estates Property Owners Association members as provided for in the restrictive covenants of the Club and Estates. Liens for any unpaid assessments or dues shall be unaffected by any sale or transfer of a full or partial ownership interest in a lot. In the event of such transaction it shall be the responsibility of the owner selling or transferring said interest (not the Club/Corporation) to fully disclose to any buyer or transferee, by written notice, that an unpaid dues or assessment lien exists prior to the date at which sale or transfer is to be consummated; a copy of the notice shall be sent to the Club/Corporation at the same time. Upon written request, the Club/Corporation will provide an owner with a statement reflecting the amount of any unpaid lien sums with respect to said lot. A sale or other transfer of title to such lot shall not release such former owner from said liability notwithstanding an assumption of liability by the purchaser or transferee.

Section 4.4: **LOSS OF PRIVILEGES**: Any member whose dues are unpaid as of sixty (60) days prior to the annual meeting shall not be entitled to vote at the said annual meeting, and his/her membership shall be excluded for the purpose of calculating a quorum for said meeting. In addition, any member whose dues and assessments are unpaid after their due date shall not be entitled to the use of any of the facilities or recreational areas owned by or held for the benefit of members of the Corporation.

ARTICLE IV
MEETINGS OF THE MEMBERSHIP

Section 1: Annual Meeting. The annual meeting of the Club shall be held on the first Saturday in the month of July, in each year, for the purpose of electing directors, and for the transaction of such other business as may come before the meeting.

Section 2: Special Meetings. It shall be the duty of the President to call a special meeting of the Members, for any purpose or purposes, as directed by a resolution signed by a majority of the Board of Directors or upon a petition signed by not less than a quorum of the membership and having been presented to the President or Secretary of the Corporation.

The notice for any special meeting shall state the time and place of such meeting and the purpose thereof. No business except as stated in the notice shall be transacted at a special meeting. Any such meetings shall be held within thirty (30) days after receipt by the President of such resolution or petition. If the President does not call the meeting within the thirty (30) days, the Secretary or the petitioning members of the Association SHALL call the meeting.

Upon receipt of the petition for the special meeting from the membership, the board may not take any actions that are contrary to the intent or purpose of the meeting before it can be held.

Section 3: Place of Meeting. The calling party may designate any place, either on or within Otero County, as the place of meeting for any annual meeting or for any special meeting called.

Section 4: Notice of Meeting. Written or printed notice stating the place, day and hour of the meeting, and in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than thirty (30) days before the day of the meeting either personally or by mail to the membership. If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail, addressed to the member at his/her address as it appears on the records of the Corporation, with postage thereon prepaid.

Section 5: Quorum. Members holding one twentieth (1/20) of the votes entitled to be cast on the matter to be voted upon represented in person, by absentee ballot, shall constitute a quorum at a meeting of the members. If less than a quorum of members are represented at a meeting, a majority of the members present may adjourn the meeting from time to time without further notice. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting originally notified. The members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum.

Section 6: Absentee ballot. At all meetings of members, a member may vote by absentee ballot executed in writing by the member or his/her duly authorized attorney-in-fact. Such ballot shall be filed with the secretary of the association before or at the time of the meeting. No voting by proxy shall be allowed.

Section 7: Cumulative voting. There shall be no cumulative voting, however, a member may vote for less than the number of directors to be elected.

Section 8: Action by Members. Any action by the membership must be approved by a majority vote. A majority vote shall consist of a majority of those present and/or voting at a meeting at which a quorum is present.

Section 9: Informal Action by Members. Any action required to be taken at a meeting of the membership, or any other action which may be taken at a meeting of the members, may be taken without a meeting, if a consent in writing, setting forth the actions so taken, shall be signed by all the members entitled to vote with respect to the subject matter thereof.

ARTICLE V
BOARD OF DIRECTORS

Section 1: **GENERAL POWERS**: The affairs of the corporation shall be managed by its Board of Directors and they are authorized to act in the name of the corporation. Directors need not be residents of the State of New Mexico, but must be members of in good standing of the corporation.

Section 1.1: **QUALIFICATIONS**: The following are qualifications for a member to be nominated for or to serve on the Board of Directors:

- A. Must be a member in good standing.
- B. Must have been a member of the Club for a minimum of 2 years.
- C. Must not have a co-member or spouse currently serving on the board nor running for the same board that would allow both to serve on the Board of Directors at the same time.

Note: Members that enter or have entered into a legal action against the Club Board of Directors, Officers of the Club or Cloud Country Club Incorporated, and did not prevail shall not be eligible for directorship or as an officer of the Club for a period of five (5) years after the entry of the final judgment in said action.

Section 2: **COMPOSITION & TENURE**: The Board of Directors shall consist of a minimum of eight (8) members and a maximum of twelve (12) members. The procedure for selection of the board members shall be as follows:

The number of Cloud Country Estates members to serve on the board will be determined by the ratio of Cloud Country members in good standing to the total membership in good standing.

TENURE – Directors shall be elected at the Annual General Membership Meeting for a term of two years and will serve until their successor(s) shall have been elected and qualified. Directors will be elected for staggered terms per the following schedule:

Example:

	<u>ODD YEARS</u>	<u>EVEN YEARS</u>	<u>TOTAL DIRECTORS</u>
ESTATES DIRECTORS	4	5	9
NON ESTATES DIRECTORS	1		1
	5	5	10

Section 3: **REGULAR MEETINGS**: A regular meeting of the Board of Directors shall be held without any other notice that this By-law immediately after and at the same place as the annual meeting of members. The Board of Directors may provide, by resolution, the time and place for holding additional regular meetings.

Section 4: **SPECIAL MEETINGS:** Special meetings of the Board of Directors may be called by, or at the request of, the President or any 2 directors, and shall be held at any place on or within 15 miles of Cloud Country Club as determined by the Board of Directors.

Section 5: **NOTICE:** Notice of any special meeting of the Board of Directors shall be given at least ten (10) days previously thereto by written notice delivered personally or mailed to each director. If mailed such notice shall be deemed to be delivered when deposited in United States mail, addressed to said director at his address as it appears on books of the corporation with postage thereon prepaid. Any director may waive notice of any meeting.

Section 6: **QUORUM:** A majority of the number of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but if less than a majority of the Directors is present for any scheduled meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

Section 7: **MANNER OF ACTING:** The act of the majority of the Directors present or involved wherein a quorum is represented shall be the act of the corporation.

Section 8: **VACANCIES:** Any vacancy occurring in the Board of Directors may be filled by an affirmative vote of a majority of the remaining Directors, although less than a quorum of the Board of Directors. A Director appointed to fill a vacancy shall serve the unexpired term of his/her predecessor in that office. Any directorship to be filled by reason of an increase in the number of Directors shall be filled by election at an annual meeting of the membership or at a special meeting of the membership called for that purpose.

Section 9: **COMPENSATION:** No compensation shall be paid to the Directors for their services, but Directors may be reimbursed for reasonable expenses actually incurred.

Section 10: **ACTION BY BOARD OF DIRECTORS WITHOUT A MEETING**
Any action required to be taken at a meeting of the Board of Directors, or any other action which may be taken at a meeting of the Board of Directors, may be taken without a meeting if all of the Directors shall indicate in writing their consent to the action taken, which consent shall become a part of the books and records of the corporation.

Section 11: **NOMINATIONS:**

Nominations for election to the Board of Directors shall be made by one of the following:

11.1 The Nominating Committee

11.2 Notification in writing to the Nominating Committee by April 15th by any member in good standing.

11.3 Nomination from the floor by any member in good standing at the Annual Membership Meeting

Section 12 Removal of Directors. At any regular or special membership meeting duly called and with a quorum of the membership represented, any one or more of the Directors may be removed with or without cause by a 3/4 majority of Members voting. A successor may then and there be elected by the membership to fill the vacancy thus created. Any Director whose removal has been proposed by the Members shall be given an opportunity to be heard at the meeting.

Section 13: Indemnification.

13.1 The Association shall indemnify its Officers and Directors, who was or is a party, or is threatened to be made a party, to any pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative (whether by or in the right of the Association) by reason of the fact that such person is or was a Director or Officer of the Association, against all loss, expenses (including, but not limited to, reasonable attorneys' fees and costs of the proceeding), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with or in defense of such action, suit or proceeding to the fullest extent permitted by the New Mexico Nonprofit Corporation Act; provided (a) that he or she conducted himself or herself in good faith; (b) he or she reasonably believed: (1) in the case of conduct in his or her official capacity with the Association, that his or her conduct was in its best interests; and (2) in all other cases, that his or her conduct was at least not opposed to its best interests; and (3) in the case of any criminal proceeding, he or she had no reasonable cause to believe his or her conduct was unlawful.

13.2 The termination of a proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent is not, of itself, determinative that the Director did not meet the standard of conduct described in this article.

13.3 The Association may not indemnify an Officer or Director under this article:

- a. in connection with a proceeding by or in the right of the Association in which the Officer or Director was adjudged liable to the Association; or
- b. in connection with any other proceeding charging improper personal benefit to him or her, whether or not involving action in his or her official capacity, in which he or she was adjudged liable on the basis that personal benefit was improperly received by him or her.

13.4 Indemnification permitted under this article in connection with a proceeding by or in the right of the Association is limited to reasonable expenses incurred in connection with the proceeding.

13.5 The Association may pay for or reimburse the reasonable expenses incurred by an Officer or Director who is a party to a proceedings in advance of final disposition of the proceeding if:

- a. the Officer or Director furnishes the Association a written affirmation of his or her good faith belief that he or she has met the standard of conduct; and
- b. the Officer or Director furnishes the Association a written undertaking, executed personally or on his or her behalf, to repay the advance if it is ultimately determined that he or she did not meet the standard of conduct;

and

- c. a determination is made that the facts then known to those making the determination would not preclude indemnification under this article.

13.6 The undertaking required by subparagraph 13.5(b) must be an unlimited general obligation of the Officer or Director but need not be secured and may be accepted without reference to financial ability to make repayment.

13.7 Determinations and authorizations of payments under this article shall be made in the manner specified in the following provisions.

13.8 The Association may not indemnify an Officer or Director unless authorized in the specific case after a determination has been made that indemnification of the Officer or Director is permissible in the circumstance because he or she has met the standard of conduct set forth above.

The determination shall be made:

- a. by the Board of Directors by majority vote of a quorum consisting of Directors not at the time parties to the proceeding;
- b. if a quorum cannot be obtained under subparagraph a, by majority vote of a committee duly designated by the Board of Directors (in which designation Directors who are parties may participate), consisting solely of two or more Directors not at the time parties to the proceeding; or
- c. by special legal counsel:
 - (1) selected by the Board of Directors or its committee in the manner prescribed in subparagraph a or b; or
 - (2) if a quorum of the Board of Directors cannot be obtained under subparagraph a and a committee cannot be designated under subparagraph b, selected by majority vote of the full Board of Directors (in which selection Directors who are parties may participate); or
- d. by a majority vote of the membership at a special meeting called for such purpose.

13.9 Authorization of indemnification and evaluation as to reasonableness of expenses shall be made in the same manner as the determination that indemnification is permissible, except that if the determination is made by special legal counsel, authorization of indemnification and evaluation as to reasonableness of expenses shall be made by those entitled to select counsel.

13.10 Indemnification provided herein shall be exclusive of any and all other rights and claims to which those indemnified may be entitled as against the Association, and every Director, Officer or employee thereof under any Bylaw, resolution, agreement or law and any request for payment hereunder shall be deemed a waiver of all such other rights, claims or demands as against the Association and each Director, Officer and employee thereof. The indemnification provided herein shall inure to the benefit of the heirs, executors, administrators and successors of any person entitled thereto under the provision of this Article.

13.11 The Association shall purchase and maintain insurance on behalf of any person who is or was a Director, Officer, employee or agent of the Association against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Association would have the power to indemnify him or her against such liability under the provisions of this Article.

13.12 All liability, loss, damage, cost and expense incurred or suffered by the Association by reason or arising out of or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as an expense subject to Special Group Assessment; provided, however, that nothing in this Article contained shall be deemed to obligate the Association to indemnify any Member or Owner who is or has been a Director or Officer of the Association with respect to any duties or obligations assumed or liability incurred by him or her under and by virtue of the Declaration and these Bylaws that were assumed or incurred outside of his or her conduct specifically related to the fulfillment of his or her duties as an Officer or Director of the Association.

ARTICLE VI **OFFICERS**

Section 1: **GENERAL**; The officers of the Club shall consist of President, Vice President, Secretary and a Treasurer, each of whom shall be elected by the Board of Directors. Such other officers and assistant officers as may be deemed necessary may be elected or appointed by the Board of Directors. Any two or more offices may be held by the same person with the exception of President and Treasurer.

Section 2: **ELECTION AND TERM OF OFFICE**: The officers of the Club shall be elected annually by the Board of Directors at the regular annual meeting of the Board of Directors, usually following in the afternoon after adjournment of the Annual Membership Meeting. If the election of officers is not held at such meeting, such election shall be held as soon thereafter as is convenient. New offices may be created and filled at any meeting of the Board of Directors. Each officer shall hold office until a successor has been duly elected and qualified. Officers shall serve staggered terms of two years each. The years shall coincide with their election to the Board. See Article V Section 2 for election schedule.

Section 3: **REMOVAL AND VACANCIES**: Any officer elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interest of the Club would be served thereby; such removal shall be without prejudice to the contract rights, if any, of the individual(s) so removed. Election or appointment of any officer or agent shall not in its self create such contract rights.

Section 4: **VACANCIES**: A vacancy in any office, however occurring, may be filled by the Board of Directors for the unexpired portion of the term.

Section 5: **DUTIES AND POWERS**: The officers shall have such powers and shall perform such duties as may from time to time be specified in resolutions or other directives of the Board of Directors. In the absence of such specification, each officer shall have the power and authority and shall perform and discharge the duties of offices of same title serving nonprofit corporations having the same or similar general purposes

and objectives as this corporation.

Section 6: **COMPENSATION**: The compensation of the officers shall be fixed from time to time by the Board of Directors, but no officer shall be prevented from receiving such salary by reason of the fact that he/she is also a director of the Club.

Article VII **CONTRACTS, LOANS, CHECKS AND DEPOSITS**

Section 1: **CONTRACTS**: The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Club/Corporation, and any such authority may be general or confined to specific instances.

Section 2: **LOANS**: No loans shall be contracted on behalf of the Club/Corporation and no evidences of indebtedness shall be issued in its name unless authorized by a signed resolution by all Directors of the Board of Directors. Such authority may be general or confined to specific instances.

Section 3: **FINANCIAL INSTRUMENTS**: All checks, drafts or other instruments for the payment of money, notes or other evidences of indebtedness issued in the name of the Club/Corporation shall be signed by an Officer or Officers, agent or agents of the Club/Corporation and a manner as shall from time to time be determined by resolution of the Board of Directors.

Section 4: **DEPOSITS**: All funds of the Club/Corporation, not otherwise employed, shall be deposited from time to time to the credit of the club/Corporation in such banks, trust companies or other depositories as the Board of Directors may select.

Section 5: **GIFTS**: The Board of Directors may accept, on behalf of the Club/Corporation, any contribution, gift, bequest, or device for any purpose of the Club/Corporation.

ARTICLE VIII **COMMITTEES**

Section 1: **INTERNAL AUDIT COMMITTEE**: The Internal Audit Committee (IAC) is tasked to provide an annual audit of the organizations' financial records. The IAC shall be an independent entity operating autonomously under the direction of the chairman and consist of a chair person and at least two other members. The IAC is accountable solely to the Board of Directors.

Section 1.1: **IAC CHAIRMAN APPOINTMENT**: The Board of Directors shall select and appoint the IAC Chairman. The IAC Chairman shall have the discretion of selecting the other members of the committee and will report the names of the members to the Board of Directors as soon as they are selected.

Section 1.2: **IAC MEMBERSHIP REQUIREMENTS:** To be appointed as an IAC member the individual must:

- a. Be and remain a Club member in good standing.
- b. Have a general working knowledge of standard bookkeeping/accounting procedures.
- c. Not have served as a Board Director/Officer within the preceding two years.
- d. Not be related to a Board Director/Officer.
- e. Not receive enumeration for services rendered to the Club.
- f. Maintain the preceding requirements through the committee tenure.

Section 1.3: **RESPONSIBILITIES:** The IAC Chairman will serve as the single point coordinator with the Treasurer for purposes of obtaining necessary information/records to initiate and complete the annual audit. The Chairman will:

- a. Initiate the audit the first day of May and complete the annual audit by
- b. Upon completion of the audit, annotate the ledger reflecting the books have been audited; e.g. Audited, (date), and (signature of Chairman).
- c. Prepare a written audit report reflecting the findings and recommendations of the IAC. If no irregularities are found, the report states: The books of Cloud Country Club Incorporated were audited and found correct. The report is dated and signed by the Chairman and all committee members.
- d. Submit a final copy to the Treasurer and President of the Board of Directors.
- e. Address the annual audit at the next scheduled Regular Board of Directors following completion of the written report.
- f. Instruct committee members to maintain confidentiality of the annual audit report until it has been briefed or presented publicly at a Regular Board of Directors or Annual Membership meeting.

Section 2: **NOMINATING COMMITTEE:** The Club Nominating Committee, consisting minimally of a chairman and two other members, shall be appointed by the Board of Directors prior to each annual meeting of the members. Normally, the chairman will be appointed at the first meeting of the new Board of Directors, for election of Officers, which usually follows the afternoon following adjournment of the annual membership meeting. The Chairman of the committee will be selected from the new Board of Directors. The Board of Directors Member-at-Large shall, as a standard practice, be appointed as Chairman of the Nominating Committee, as the objective for the Club will be normally obtaining candidates for the member-at-large position(s). Appointed nominating committee members will serve from the close of the Board Meeting, wherein appointed, until commencement of the succeeding annual membership meeting.

Section 2.1: **RESPONSIBILITIES:** The Nominating Committee shall be active in seeking candidates to run for office for any position(s) being vacated. The candidates for office will be submitted, in writing, to the Board of Directors at the Regular meeting in May of each year. Procedures for nominations are contained in Article VI, Section 8.

ARTICLE IX
MISCELLANEOUS

Section 1: **CERTIFICATES**: There shall be no certificates issued to the members.

Section 2: **DIVIDENDS PROHIBITED**: There shall be no dividends paid and no part of the income or profit of the Club/Corporation shall be distributed to its members, directors, or officers.

Section 3: **BOOKS AND RECORDS**: The organization shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its members, Board of Directors and any committees having authority of the Board of Directors and shall keep at the office of the Secretary a record giving the names and addresses of its members entitled to vote. All books and records of the Club/Corporation may be inspected by any member, or agent or attorney, for any proper purpose at any reasonable time.

Section 4: **FISCAL YEAR**: The fiscal year of the Club/Corporation shall be determined by the Board of Directors.

Section 5: **SEAL**: The Board of Directors shall provide a Corporate Seal which shall be circular in form and shall have inscribed thereon the name of the Corporation and the state of incorporation and the word 'Seal'.

Section 6: **WAIVER OF NOTICE**: Whenever any notice is required to be given to any member or director under the provisions of these Bylaws, a written waiver thereof, signed by the person entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

Section 7: **RULES AND REGULATIONS**: The Board of Directors, or a committee appointed by the Board of Directors, may establish rules and regulations for the operation and management and control of the facilities and recreational areas of the members. The Board shall inform the members of such rules and regulations and each member of the Club/Corporation, his/her family and guests shall be bound and abide by such rules and regulations.

Section 8: **ENFORCEMENT**: In the event that a Club/Corporation member fails to meet his/her obligations created by the terms of this document, and the Club/Corporation pursues legal action to enforce the obligation, the Member shall be liable to the Club/Corporation for all reasonable expenses incurred in such pursuit, including but not limited to attorney' fees and any debt owed with interest.

Section 9: **LITIGATION LIABILITY**: In the event that a Club/Corporation member or members files a legal action against the Club/Corporation, and/or one or more of its Directors and/or one or more of its Officers and does not prevail, the Club/Corporation member or members shall be liable to Cloud Country Club, Incorporated for all

reasonable expenses incurred in such pursuit, including but not limited to attorney' fees and court costs.

Section 10: **Parliamentary Procedure**: Robert's Rules of Order shall prevail at all meetings of the Board of Directors and of the membership.

ARTICLE X
AMENDMENTS

These by-laws may be altered, amended, or repealed and new by-laws may be adopted by the Board of Directors at any regular or special meeting of the Board of Directors but no change may be implemented without approval by the membership at the next annual membership meeting or at a special meeting of the membership.

ARTICLE XI
DISTRIBUTION OF ASSETS ON DISSOLUTION OR FINAL LIQUIDATION

In the event the Corporation is ever dissolved or liquidated, the assets of the Corporation shall be distributed in the following manner pursuant to Sec. 53-8-48, N.M.S.A.Y. 1978 Comp:

1. Pay all liabilities and obligations of the corporation.
2. Return, transfer or convey all assets held by the corporation on the condition of return upon dissolution or liquidation.
3. All remaining assets shall be distributed to such person, nonprofit societies, nonprofit organizations or domestic or foreign corporations that have as an objective the operation of recreational facilities for the benefit of property owners in Otero County, New Mexico.
4. Under no circumstances shall any assets be distributed to any member, former member, director, officer or former officer of the corporation