

Dry Lot, LLC

Friday, October 31, 2025

Letter of explanation for the process of transferring water rights at The Valley Club

Dry Lot, LLC is the owner of a total of 27.5 acres of water rights which are, in turn, available to its members pursuant to the Operating Agreement and Membership in the LLC. Residents of The Valley Club may acquire water rights from other current owners in TVC, but the water can only be used within TVC development.

On the Dry Lot, LLC website you will find the Dry Lot, LLC Operating Agreement. If you do not have access to the website, let a Manager know and a copy of the Operating Agreement will be emailed to you. Each Membership "Unit" represents 0.5 acre of water rights. This is in addition to the .5 acre of water which automatically goes with each lot. Dry Lot, LLC, has a fee of \$400.00 (payable to "Dry Lot, LLC") related to a transfer of a Membership interest from one individual to another. The Dry Lot Managers must approve each transfer so that Dry Lot knows who the Members are and also know where the water is going. By having the water rights owned by the LLC, it is easier to assign use of the water through the LLC membership interests rather than to transfer personal water rights.

Dry Lot requires the Buyer (both husband and wife, if applicable) to agree to be parties to and bound by the Dry Lot Operating Agreement. By signing the Transfer Agreement, the Buyers agree that they have received a copy of the Operating Agreement and further that they agree to be bound by the terms and conditions of the Operating Agreement. The Seller, as Transferor, and the Buyer(s) as Transferees need to sign the Transfer Agreement and submit the signed Transfer Agreement and the original Dry Lot Certificate to be surrendered. If the Certificate is lost or misplaced, We require the Seller to also complete the Affidavit of Lost Certificate and have the signature notarized.

The Seller must deliver Seller's new mailing address so we can mail out the final K-1 when prepared.

For the BUYERS, it is imperative that we have the social security number under which tax returns will be filed along with a phone number, email and the permanent mailing address for the mailing of annual tax forms and dues statements.

I hope that this helps explain the situation. Please call Shannon Small at 715-833-3514 if you have any questions.