

BY-LAWS OF THE ALMADEN SWIM AND RACQUET CLUB

A non-profit corporation
(Effective January 9, 2012)

Definitions:

Member - as used herein, shall refer to the individual or spouse to which a Family Membership has been issued and which meet the requirements as described in Section 2.10 (a).

Membership - as used herein, shall refer collectively to all Members.

Non-Voting Member - as used herein, shall refer to the individual or family as the case may be to which membership privileges have been issued pursuant the provisions as described in Sections 2.10 (b) through (d).

Non-Voting Membership - as used herein, shall refer collectively to all Non-Voting Members.

In good standing - Any Member or Non-Voting Member who meets all of the requirements of these Bylaws.

Article I. Board of Directors

Section 1.01 Number and Election of Directors.

The powers of this corporation ("Club") shall be exercised by a Board of Directors ("Board"). Each member of the Board ("Director") shall be a Member of the Club in good standing. The Board shall consist of seven Directors elected by a ballot distributed to all of the Members. If any such election results in a tie vote for any vacancy or vacancies on the Board, there shall be a run-off election, to be held as soon as practicable after such election and involving those candidates who received an equal number of votes, in order to fill such vacancy or vacancies.

Section 1.02 Term of Directors

Each Director shall serve in such capacity for a two year term, with the terms of all of the Directors being staggered so that four and three Directors are elected on alternate years. Each term shall commence on January 1 of the year following election and end on December 31 of the second year of office.

Section 1.03 Vacancies

If any Director should resign, or should cease to have the qualifications to be a Director, during his or her term, then the office of such Director shall become immediately vacant, and such vacancy shall be filled by the Board. Any Director

appointed to fill a vacancy on the Board shall hold office until the next election of Directors, at which time the Membership shall vote to fill such vacancy.

Section 1.04 Quorum and Voting

Four Directors shall constitute a quorum at any meeting of the Board, whether regular or special, for the transaction of any and all business. A majority vote of the Directors in attendance at each meeting with respect to any matter on which the vote of the Board is required or taken shall constitute approval of such matter.

Section 1.05 Meetings and Election of Officers.

The Board shall hold a meeting at least once a month, at such time and place as it may from time to time establish. Notice of each meeting shall be sent to each Director at least seven days prior to the date of such meeting. The Board shall elect, at its first meeting of each calendar year, from the Directors a President, Vice-President, Secretary, and Treasurer and such other officers as may be agreed upon by the Board.

Section 1.06 Committees of Board.

The Board shall create, or cause to be created, such committees, either temporary or standing, as are necessary to administer, plan, operate or monitor the business and activities of the Club. Each member of each committee shall be a Member or Non-Voting Member in good standing. The Board shall appoint a Board member (a liaison) to attend all of the committee meetings and the liaison is responsible for reporting the business activities of each committee to the Board on a monthly basis. The Committee shall elect a chairperson for each committee. The election of a chairperson shall be subject to the approval of the Board. All recommendations and decisions of each committee shall be subject to Board approval. Each member of a standing committee (the tennis and swim committee) shall serve in such capacity for a two year term.

Section 1.07 Participation on Standing Committees.

No Director may serve as a voting member of any standing committee of the Club, other than temporary committees of the Board, during the term of office of such Director.

Section 1.08 Rules and Regulations.

The Board may prescribe rules and regulations not inconsistent with the Articles of Incorporation of the Club and these Bylaws concerning the conduct and affairs of the Club. Such rules and regulations shall be binding on each Member and Non-Voting Member and each member of the Member's or Non-Voting Members family who has the right to exercise the privileges granted under the respective membership of such Member or Non-Voting Member.

Section 1.09 Power Respecting Employees.

The Board shall have full power to elect and remove at will all the officers, agents and employees of the Club, to prescribe such duties for them as it may determine, to fix their compensation, and to obtain security, in the form of a bond, or otherwise, for their faithful service. The Board's tennis and swim liaison shall conduct yearly reviews of the Club's tennis and swim personnel, respectively.

Section 1.10 Nominations.

On or before September 30 of each year, the President of the Club shall appoint a nominating committee composed of three Members, one of whom is a Director. The committee shall select at least one, but not more than two, nominees for each of the vacancies on the Board to be filled at the next election of Directors. The nominees selected by the committee shall, at the option of the Board, be presented to the Membership at the annual meeting of the Membership immediately preceding such election. Any qualified Member may be nominated for election as a Director by ten or more Members. Such nomination shall be submitted in writing to the Secretary of the Club, at least ten days prior to the day the ballots for the election with respect to which he or she is nominated are to be mailed, and shall include the signatures of the Members making such nomination. The ballot for each election shall be prepared with all nominees listed alphabetically and shall include the nominee(s) selected by the Board and any individuals nominated by the Members as provided above. Results of the balloting shall be announced by the Board after at least one Director has reviewed the counting of the ballots.

Section 1.11 Expulsion of Members.

In addition to its other powers, the Board shall have the power to expel any Member, and thus cause the forfeiture of such Member's membership in the Club, for (a) any willful failure of such Member or any person who has privileges under the Family Membership of such Member to comply with these Bylaws or the rules and regulations of the Club, if such violation continues for a period of 30 days after written notice of such failure has been given to such Member, or (b) for any conduct of such Member or any such person which, in the opinion of the Board, is likely to endanger the health, safety, morals, or welfare of the Club or any other Member or Non-Voting Member, or his or her family. Any such expulsion shall become effective upon the three-fourths affirmative vote of all Members present at any meeting of the Membership. Any Member whose expulsion is to be considered at a meeting of the Board or the Membership shall be given written notice of such meeting at least ten days prior to the date of such meeting and shall have the right to attend such meeting to defend against such expulsion. Such written notice shall describe in reasonable detail the basis on which the Board or the Membership is considering such Member's expulsion.

Section 1.12 Removal of Director.

A Director may be removed from office by the following procedure:

- (a) A petition signed by at least 10% of the Members, calling for the recall of such Director, must be submitted to the Board;
- (b) A meeting of the Membership shall be called by the Board within four weeks of receiving such petition; and
- (c) A two-thirds affirmative vote for recall of such Director of all Members present at a meeting of the Membership shall cause the removal of such Director from office.

Section 1.13 Approval of Capital Expenditures.

- (a) The Board may not authorize a capital expenditure, other than for purposes of repair or replacement, that exceeds \$10,000 without an affirmative vote of the majority of the Members (1) in attendance at a meeting of the Membership, or (2) responding to a mail ballot.
- (b) The Board may not authorize a capital expenditure, other than for purposes of repair or replacement, that exceeds \$30,000 without an affirmative vote of the majority of Members (1) in attendance at a meeting of the Membership at which 50% or more of the Members are in attendance, or (2) responding to a mail ballot to which 50% or more of the Members respond.

Section 1.14 Approval of Club Commitments

Contracts, bonds, instruments or commitments proposed to be entered by an employee of the Club or the swim or tennis committees that obligate the Club to an amount in excess of \$5,000, exclusive of capital expenditures which are subject to the provisions of Section 1.13, shall be approved by the Board.

Article II. Membership

Section 2.01 Nature and Types of Membership.

(a) Family Membership

(1) Definition of a Family Membership.

A Family Membership shall be issued in the joint names of any married persons or in the name of either of any married persons, and in the name of any single person, who purchase or purchases the membership. Each Family Membership shall have one vote in connection with any matter on which the Membership of the Club may vote. In the event a membership is issued in the name of a married couple, (i) either the husband or the wife, or both the husband and the wife, may vote the membership; provided, however, any vote which is split between a husband and wife, whether with respect to the election of directors or otherwise, shall not be counted as a vote of such Member, and (ii) such membership may be transferred, pursuant to the provisions of this Article II, upon the written request of either the husband or the wife.

(2) Scope of Family Membership.

Only a Member and the unmarried children of such Member who reside in such Member's household shall have privileges under the Family Membership of such Member. Notwithstanding the foregoing, the Board may, at its discretion, and for good cause, (i) extend the privilege of membership to any other person or persons residing in a Member's household, and (ii) permit a Member to allow another family to use the Family membership of such Member if such Member has been temporarily transferred from the area, so long as such substituted membership is approved for a period of not less than two months and not more than two years, with the Board to review the propriety of such substitution at the end of one year. Any Member who obtains the approval for a substitution of his or her membership shall remain responsible for all dues, charges, special assessments and late fees charged to such Member's membership by the Club, and maintain all rights of voting with respect to the business of the Club during the period that such substitution is in effect.

(3) Privileges of a Family Membership

Privileges of a Family Membership shall include the right to use all of the facilities of the Club, subject to the rules and regulations in effect at the time of such use.

(b) Swim Team Membership

(1) Definition of a Swim Team Membership

A Swim Team Membership is defined as a family or individual who does not own a Family Membership but who participates or has at least one child who participates on the Club affiliated swim team. Voting rights are not included in a Swim Team Membership. However, at the discretion of the Board, a Swim Team Membership holder may hold a position on the Swim Committee, and may vote on matters delegated to such committee.

(2) Privileges of a Swim Team Membership

Privileges of a Swim Team Membership shall include the right for the member of the Club affiliated swim team to use the pool for Club affiliated swim team workouts only and for other Club affiliated swim team functions and meets, subject to the rules and regulations in effect at the time of such use.

(c) Tennis Team Membership

(1) Definition of a Tennis Team Membership

A Tennis Team Membership is defined as an individual who does not own a Family Membership, but who participates on a Club USTA team. Voting rights

are not included in a Tennis Team Membership. The ability to serve on a committee is not included in a Tennis Team Membership.

(2) Privileges of a Tennis Team Membership

The Tennis Team Membership holder may only use the Club tennis courts as a guest of a Family Membership holder, unless participating in an official Club USTA team practice or match, subject to the rules and regulations in effect at the time of such use.

(d) Single-User Membership

(1) Definition of a Single User Membership

Any member who has owned a “Family Membership” may apply for the “Single User” membership under the following conditions:

- The person must be a Member in good standing.
- The person must have owned a “Family Membership” for 20 consecutive years before applying as a single user.
- The person must be over the age of 65.

If the member satisfies the above conditions, they may apply as a Single User. The Board, at its sole discretion, may approve such members on a first come first served basis. The Board shall have the power to act on all applications for Single Users, and may accept or reject any application at its sole discretion. The Board will determine how many Single Users are allowed at any point in time at its sole discretion.

If approved, the member must first sell their Family Membership in accordance with Section 2.05 Transfer of Membership. Upon sale of their Family Membership and the processing of all related payments they will be converted to Single User status at the club for a monthly fee of ½ of the current membership dues.

(2) Privileges of a Single-User Membership

Privileges of a Single-User Membership shall include the right to use all of the facilities of the Club, subject to the rules and regulations in effect at the time of such use, including the right to attend club social activities and participate on club teams. However, the Single User member is not a Family Membership member and will not have any voting rights of membership.

Section 2.02 Application for Membership.

(a) Each applicant for membership in the Club shall complete and submit to the Club a membership application and the Club’s release of liability forms approved by the Board from time to time. All applicants must be 21 years or older and of good moral character and agree, in writing, to abide by all By-Laws and rules and regulations of

the Club as may be in effect from time to time.

(b) The Board shall have sole power to act on all applications for membership, and may accept or reject any application at its sole discretion. An application for membership shall be deemed accepted if approved by the vote of a majority of the Directors present at a meeting of the Board. The Club manager may accept applications on an interim basis pending final approval by the Board by voting by e-mail, at the next scheduled meeting of the Board of Directors or a continuation thereof, whichever first occurs. In the event an application is rejected by the Board, the applicant shall be refunded all fees upon receiving notice of the rejection.

Section 2.03 Effectiveness of Membership.

The purchase of a membership in the Club shall be deemed effective on the date on which all of the following conditions have been met:

- (a) Acceptance of the application for membership by the Board;
- (b) Payment to the Club by the applicant of the price for the membership;
- (c) Receipt by the Club of written evidence of payment of all taxes with respect to the purchase for which the Club may have any liability, whether direct or indirect;
- (d) In the case of the purchase of an existing membership, payment to the Club by the transferring Member of all indebtedness to the Club, including, without limitation, with respect to dues, charges, special assessments, and late fees, (the "Indebtedness") of the transferring Member: and,
- (e) Receipt of the Club's release of liability form.

Section 2.04 Number of Members and Non-Voting Members.

(a) The Club may not have in excess of 330 Family Memberships. This limitation on the number of Family Memberships may not be increased other than by an amendment to these By-Laws approved by the affirmative vote of a majority of the Members present at a meeting of the Membership with respect to which the Membership has been given written notice, specifying the proposed amendment, at least 10 days prior to such meeting.

(b) The number of Swim Team Members and Tennis Team Members shall be subject to the determination and discretion of the swim and tennis committees respectively. the number of Single-User Members shall be subject to the determination and approval by the Board.

Section 2.05 Transfer of Membership.

(a) No membership may be transferred, except as specifically provided herein, unless and until all of the conditions set forth in Section 2.03 above with respect to such transfer have been met.

- (i) Such conditions to transfer shall not be applicable with respect to (1) a transfer of a membership from a deceased Member to the surviving spouse who previously exercised membership privileges under the membership, or

(2) a transfer of a membership, as a result of a divorce, to a spouse who previously exercised membership privileges under the membership. In such case, such membership shall be deemed to have been automatically transferred upon the written request of the transferee spouse and payment of all Indebtedness with respect to the membership and no action with respect to the application shall be required of the Board and no Transfer Fee with respect to the transfer shall be payable.

(b) Any Member who desires to sell his or her membership shall notify the Club in writing or via e-mail (a "Notice of Intent"), indicating his or her intention to sell the membership and the price at which he or she is willing to sell the membership. The Club shall maintain a list of all Members from whom it has received a Notice of Intent, the date of its receipt of each Notice of Intent and the price at which each such Member is willing to sell his or her membership (the "Sale List"), which list shall be available for review by any Member. A Member may set any sale price for his or her membership.

(i) Each membership with respect to which the Club has received a Notice of Intent shall be listed on the Sale List in the following order of priority: (1) the membership with the lowest sale price shall be given the highest priority; and (2) except as provided in Section 2.05 (b)(ii), if two or more memberships on the list have the same sale price, each of such memberships shall be given a priority among such memberships based on the date on which the Club received a Notice of Intent with respect to such membership, with the membership with respect to which the Club first received a Notice of Intent being given the highest priority.

(ii) If there is more than one Club owned membership for sale (e.g., as a result of forfeiture of membership or the expulsion or resignation of a Member), and at least one other membership available for sale at the same price the Club owned membership will be sold first, followed by a member owned membership, followed by a Club owned membership until all the Club owned memberships have been sold. This alternate sales procedure would be used until there are no Club owned memberships and Member owned memberships available for sale at the same price.

(iii) Subject to Section 2.05(b)(ii), each membership available for sale shall be offered and sold by the Club based on its priority on the Sale List, with the membership having the highest priority being offered and sold first.

(iv) Each Notice of Intent shall remain effective and the membership subject thereto shall remain on the Sale List until the Member withdraws the membership from sale by giving the Club a written notice that he or she no longer desires to sell the membership (the "Withdrawal Notice"). The Member may change the sale price for the membership at any time by submitting to the Club a new Notice of Intent setting forth the new sale price.

(v) Each Notice of Intent and Withdrawal Notice shall be deemed to be effective upon the Club receiving such notice.

(vi) Upon the sale of an existing membership by the Club, whether at the request of the Member or as a result of the forfeiture of such membership or the expulsion or resignation of such Member, the Club shall promptly pay to the Member holding such membership the amount, if any, by which the price of such membership exceeds the aggregate of the Indebtedness of such Member and the Transfer Fee. In connection with the sale of a membership as part of the purchase price of a Member's primary residence, such Member shall pay the Club on the closing date the amount, if any, by which the aggregate of the Indebtedness and the Transfer Fee exceeds the purchase price of the membership.

(c) Each member shall be free to sell his or her membership in connection with the sale of such Member's primary residence and as part of the purchase price of such residence, to any person who purchases such residence. The price for such a sale of a membership shall be deemed to be the lowest sale price on the Sale List plus ten percent on the closing date. All conditions of Section 2.03 above must have been met with respect to the sale of such membership.

(d) Any member attempting to sell his or her membership may, during the period in which the membership is listed on the Sale List as defined in Subsection 2.05(b) above, request inactive status for a period of up to 6 months in extraordinary circumstances (e.g., military personnel going into a war zone or a major medical problem, etc.) from the Board. The membership shall be placed on inactive status effective upon the first day of the month immediately succeeding the month in which the Board approves such request for inactive status. During the period in which a membership is on inactive status (the "Inactive Period") (1) dues chargeable to the Member shall be one-half of the dues chargeable, from time to time, to a Member whose membership is on active status, (2) all privileges of membership, including, without limitation, use of the Club's facilities, participation in any program sponsored by the Club, and voting (the "Membership Privileges") shall be suspended, and (3) such Member shall be obligated to pay the portion of the dues which remains payable and all charges, special assessments, and late fees debited to the Member's account.

(e) The Board shall have the right to establish, from time to time, a minimum price at which memberships may be sold and shall have the right to refuse to accept the transfer of a membership which is sold for less than the minimum price.

(f) The Board shall have the right to repurchase Family Memberships and subsequently sell such memberships as a club membership at a later date.

Section 2.06 Resignation.

Any Member may resign his or her membership at any time by giving the Club written notice of resignation, accompanied by such Member's membership certificate endorsed to the Club (if available). A resignation shall be effective on the last day of the month during which the Club receives such written notice.

Section 2.07 Obligations and Rights Upon Cessation of Membership.

Upon the membership of a Member being forfeited or a Member resigning or being expelled, such member shall immediately cease to be entitled to any Membership Privileges and such Member's membership shall automatically revert to the Club without any payment therefore, until such membership has been sold as provided in Section 2.05(b). Such Member shall continue to be liable to the Club for any Indebtedness incurred by such Member prior to the effective date of such forfeiture, expulsion or resignation, and for all monthly dues which accrue from the effective date of such forfeiture, expulsion or resignation until the membership is sold. The Club shall sell each such reverted membership as a new membership at the price at which the Club is entitled to sell new memberships from time to time. Upon the sale of such membership, the Member shall be entitled to the net proceeds of the sale, if any, which remain after deducting the Transfer Fee described in Section 3.01, the Indebtedness incurred by such Member prior to the effective date of such forfeiture, expulsion or resignation, and any dues which accrue between the effective date of forfeiture, expulsion or resignation and the date the membership is sold.

Section 2.08 Notices.

Any notice to a Member which is required to be given by these By-Laws shall be given in writing, addressed to such Member, at the last address for such Member shown in the Club's records, and deposited in the United States mail, postage prepaid, and shall be deemed to be effective upon being so mailed. Notwithstanding any implication to the contrary herein, the Club shall not be required to send a notice to any Member who fails or refuses to give the Club his or her current address.

Article III. Fees, Assessments and Dues

Section 3.01 Transfer Fees.

The transfer fee payable by any Member selling a membership shall be 10% of the price for the membership upon its sale by such Member for any Member who purchased the membership on or before January 1, 2006. The transfer fee payable by any Member who purchased a membership after January 1, 2006 shall be the greater of \$250 or 25% of the price for the membership upon its sale by such Member. For purposes of this paragraph, a membership shall be deemed to have been sold on the date on which each of the Transfer Conditions have been met with respect to such membership.

Section 3.02 Assessments.

No assessments against all of the Membership may be made without the affirmative vote of a majority of the Members in attendance at a meeting of the Members with respect to which 20 or more days prior written notice of such pending action has been given to the Members. No assessment may be made against less than all of the memberships unless the holders of all of such memberships approve such assessment.

Section 3.03 Dues.

(a) Member dues:

(1) shall be determined by, and modified at the discretion of, the Board; provided, however, dues may not be raised more than 10% in any calendar year without obtaining the affirmative vote of a majority of the Members (i) in attendance at a meeting of the Members with respect to which 20 or more days prior written notice of such pending action has been given to the Members, or (ii) executing and delivering to the Club a mail ballot with respect to such pending action.

(2) shall be payable monthly in advance. All dues, together with any other indebtedness, assessments or fines then owed to the Club, shall be billed monthly by the Club.

(b) Single User Membership dues shall be determined in accordance with Section 2.01(d)(1) and shall be billed and payable in accordance with the terms and conditions as those for Members as outlined in Section 3.03(a)(2).

(c) Dues or other fees charged to Members or Non-Voting Members for participation in the Swim Team or Tennis Team:

(1) shall be determined by and modified at the discretion of the respective swim or tennis committee.

(2) shall be billed by the Club and payable in advance in accordance with the billing programs as determined by the respective swim or tennis committee.

(d) If payment of any dues or other indebtedness, assessments or fines is not made by a Member or Non-Voting Member on or before the 25th day after the date of such statement covering such amounts, then the unpaid portion of such amounts shall be deemed delinquent and shall be subject to a late fee equal to 5% of such unpaid amount each month until such unpaid portion is paid.

Article IV. Membership Meetings

Section 4.01 Regular Meetings.

A regular meeting of the Members shall be held annually during November at a time and on a date with respect to which at least ten days prior written notice is given to

the Members. Such meeting shall be held at the Club or at such other location as may be arranged by the Board, written notice of which is given to the Members at the same time as notice of the time and date of such meeting is given.

Section 4.02 Special Meetings.

A special meeting of the Members may be called, at any time, by the President or a majority of the Directors then in office. The Board shall call a special meeting whenever requested to do so in writing by 10% or more of the Members. Each request for a special meeting shall include a general description of the matters to be brought before the Members at such meeting. The Board shall set the date for each special meeting within 30 days of receiving a call for such meeting. The notice to the Members of each special meeting shall be made at least 20 days prior to the date set for such meeting and shall include a general description of the matters to be brought before the Membership at such meeting. Each special meeting shall be held at a location determined, and notice of which is given, as provided in Section 4.01 above.

Section 4.03 Quorum and Mail Ballot.

A quorum for the transaction of any business at any meeting of the Members shall not be deemed to exist unless 20% or more of the Members are in attendance at such meeting. If a quorum is not present at a meeting of the Members, no business may be transacted at such meeting, but such meeting may be adjourned and held at a later time and date and at a place determined by the Chairman of such meeting and written notice of which is given to the Members at least ten days prior thereto. No mail ballot of the Members, except with respect to the election of Directors, shall be deemed to constitute a vote of the Members unless the Club receives properly signed ballots from at least 20% of the Members by the date designated in the materials accompanying such ballot.

Section 4.04 Proxy.

Any Member in good standing may be represented at any meeting of the Members by any other Member in good standing who holds a written proxy to that effect signed by such Member. Each proxy must be filed with the Secretary prior to the start of any meeting at which a Member proposes to vote such proxy.

Article V. Duties of Offices

Section 5.01 President.

It shall be the duty of the President to: (a) preside at all meetings of the Club and of the Board; (b) call such meetings as are herein required to be called by the President; and (c) at the annual meeting of the Members, make a report of the accounts and general concerns with respect to the Club during the previous year. The President shall be an ex-officio member of all committees of the Board.

Section 5.02 Vice President.

In the absence of the President, the Vice-President shall preside at all meetings of the Members and the Board and otherwise perform the duties of the President. The Vice-President, or, at the election of the Board, any other Director other than the President, shall also act as chairman of the nomination committee for election of Directors.

Section 5.03 Secretary.

The Secretary shall keep a record of the meetings of the Members and of the Board, and shall conduct the official correspondence of the Club and give all notices required by these By-Laws. If the President and Vice-President are absent from any such meeting, the Secretary shall call the meeting to order and a temporary chairman shall be elected.

Section 5.04 Treasurer.

The Treasurer shall be responsible for the supervision of the collection of all monies due the Club. The Treasurer shall: (a) keep books of account showing the financial condition of the Club; (b) cause all monies received by the Club to be deposited in the Club's bank accounts; (c) cause receipts for such monies as are paid to the Club to be signed on behalf of the Club; and (d) perform such other duties with respect to the finances of the Club as the Board may from time to time assign.

Section 5.05 Authorized Signatures.

The President, Secretary or any employee of the Club designated by the Board shall sign, on behalf of the Club, all contracts, bonds and instruments to which the Club is a party or pursuant to which the Club is obligated which have been approved by the Board. Checks may be signed and wire transfers approved by the President, Treasurer or any employee of the Club designated by the Board. Checks and wire transfers in excess of \$5,000 require approval of the President or the Treasurer. The Board may specify different dollar limits and signing authority from time to time.

Article VI. General

Section 6.01 Lien on Membership.

In addition to any and all other rights and remedies the Club may have against a Member who defaults on the payment of dues, assessments, fines or any other indebtedness owed to the Club, and not as a substitute therefore, the Club shall have, and is hereby given, a lien upon the Membership of each Member for any and all dues, assessments, fines and other indebtedness, which such Member may owe to the Club. In the event of the non-payment of any of such obligations for a period of 30 days after such Member has been advised in writing of such obligations, the Club shall have, and is hereby given, the right and power to foreclose upon such lien, after giving such Member 30 days prior written notice of its intention to do so and such Member failing to pay such obligations in full during such period, by canceling or transferring the Membership of such Member.

Section 6.02 Bulletin Board.

All rules and regulations of the Club and general notices required by the By-Laws shall be posted on a bulletin board conspicuously placed at the Club facilities.

Section 6.03 Distribution of Assets.

Upon dissolution of the Club, (a) all assets shall be applied first to the payment of all just debts and obligations of the Club, and (b) then, should any balance remain, the same shall be distributed in equal shares to the Members.

Article VII. Indemnity and Insurance

Section 7.01 Right of Indemnity.

To the fullest extent permitted by law, the Club shall indemnify its existing and former directors, officers, employees, and other agents, as defined in Section 7237(a) of the California Corporations Code ("Code"), against all expenses, as defined in Section 7237(a), judgments, fines, settlements and other amounts actually and reasonably incurred by them in connection with any "proceeding," as defined in Section 7237(a), and including an action by or in the right of the Club, by reason of the fact that the person is or was a person described in that section.

Section 7.02 Approval of Indemnity.

On written request to the Board by any person seeking indemnification under Section 7237(b) or (c) of the Code, the Board shall promptly determine under Section 7237(e) of the Code whether the applicable standard of conduct set forth in Section 7237(b) or (c) has been met by such person in connection with the proceeding with respect to which such person has sought indemnification and, if it has been met, the Board shall authorize such indemnification. If the Board cannot authorize indemnification because the number of Directors who are parties to the proceeding with respect to which indemnification is sought prevents the formation of a quorum of Directors who are not parties to such proceeding, the Board shall promptly call a meeting of the Members. At that meeting, the Members shall determine under Section 7237(e) of the Code whether the applicable standard of conduct set forth in Section 7237(b) or (c) has been met by such person in connection with such proceeding and, if it has been met, the Members in attendance at the meeting shall authorize indemnification.

Section 7.03 Advancement of Expenses.

To the fullest extent permitted by law and except as otherwise determined by the Board in a specific instance, expenses, as defined in Section 7237(a) of the Code, incurred by a person who seeks indemnification under this Article VII, in connection with a proceeding with respect to which indemnification under this Article VII may be proper, shall be advanced by the Club before final disposition of such proceeding, on receipt by the Club of an undertaking by or on behalf of such person that the

advance will be repaid unless it is ultimately determined that such person is entitled to be indemnified by the Club for those expenses.

Section 7.04 Insurance.

The Club shall have the right to purchase and maintain insurance, to the fullest extent permitted by law, on behalf of its officers, directors, employees, and other agents, against any liability asserted against, or incurred by, each such person in such capacity or arising out of each such person's status as such.

Article VIII. Amendments

Section 8.01 Amendments by Directors and Members.

These By-Laws may be amended, except as specifically noted otherwise herein, (a) by the affirmative vote of a majority of the authorized Directors at the time at any meeting of the Board with respect to which at least seven days prior written notice of such pending action has been given to the Directors, OR (b) by the affirmative vote of a majority of the Members in attendance at a meeting of the Members with respect to which 20 or more days prior written notice of such pending action has been given to the Members.

Section 8.02 Amendments Requiring Majority of Members.

Amendments to By-Laws regarding (a) the number of members of the Board, (b) the Family Membership dues, (c) the total number of Members of the Club, (d) any assessment against any membership or all of the memberships, in any amount, or (e) the approval required for any capital expenditure, may be made only by an affirmative vote of the majority of the Members (i) in attendance at a meeting of the Members with respect to which 20 or more days prior written notice of such pending action has been given to the Members, or (ii) executing and delivering to the Club a mail ballot with respect to such pending action.

Section 8.03 Supermajority Votes of Members.

These By-Laws may not be amended to give the Board the right to impose any assessment unless such right is granted by a two-thirds affirmative vote of the Members in attendance at any meeting of the Members with respect to which 20 or more days prior written notice of such pending action has been given to the Members.

Section 8.04 Notice.

Written notice of any amendment to these By-Laws shall be available within 30 days of the effective date of such amendment and shall be given to any Member that requests a copy.