

SUDLEY CLUB, INCORPORATED

BY-LAWS

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Restated as of 2/16/12

ARTICLE I

Name and Address

The name of the Corporation shall be Sudley Club, Incorporated, and the principal office and mailing address shall be in Manassas, Virginia.

ARTICLE II

Purposes

The purposes of this Corporation are to construct, operate, and maintain a swimming pool or pools and other recreational facilities, and to transact such business, engage in such activities, and perform such acts, as are incidental thereto and not inconsistent with law, for the benefit of Sudley Club, Incorporated, and their guests.

ARTICLE III

Capital Stock

Section 1.

(a) The maximum amount of the capital stock of the Corporation shall be Seventy-Six Thousand Five Hundred Dollars (\$76,500) and the minimum amount of capital stock of the Corporation shall be Seventeen Thousand Dollars (\$17,000), with a par value of One Hundred Seventy Dollars (\$170). The stock shall carry full rights of voting and participation in the affairs and privileges of the Corporation. This stock shall be limited to one (1) share per person, who shall, if offering the share for sale, sell only to a person authorized by the governing body of the Corporation. Only one share of stock may be owned by persons in the same household.

(b) No dividends from income or surplus shall be paid on the capital stock of the Corporation.

(c) Any stock of the Corporation proposed to be sold or transferred by a stockholder must first be offered for sale to the Corporation no later than the due date of the annual operating dues; and the Corporation shall have the right to purchase and retire the stock offered for sale by a stockholder at a price to be fixed by the governing body of the Corporation, but not less than the then current sales price for a new share of stock.

Section 2. All certificates of stock shall be signed by the President and Secretary and shall be sealed with the Corporation seal.

Section 3. Treasury stock shall be held by the Corporation subject to disposal by the Board of Directors and shall not be voted.

Section 4. The Board of Directors is authorized to accept subscriptions for capital stock and to issue capital stock at a price or prices so fixed by the Board of Directors.

Section 5. Stock of the Corporation may be issued or transferred only to persons approved in advance by the Board of Directors.

Section 6. The owner or owners of each share of stock, for all purposes, shall be the person or persons in whose names the stock appears on the transfer books of the Corporation. Before a share of stock may be transferred on such books, the certificate representing such share must be submitted to the Secretary of the Corporation, endorsed in full, including the approval of the transfer by the Board of Directors. To affect the transfer, the Secretary shall make appropriate entries on the transfer books and shall issue a new certificate to the transferee.

Section 7. No share of stock may be transferred until all dues and other obligations of the shareholder to the Corporation have been paid.

(a) Any time the obligations of a shareholder to the Corporation equals or exceeds the then current sales price of the stock, said shareholder's membership shall be considered terminated and ownership of the stock shall revert to the Corporation.

(b) Any obligation to the Corporation in excess of the current sales price of the stock shall remain a debt to the Corporation.

(c) The source of the obligation to the Corporation is immaterial to the provisions of this section, *e.g.*, delinquent dues, fees, *etc.*

(d) In order to invoke the provisions of this section, the Secretary will send a registered letter of notification to the shareholder's address as shown on the books of the Corporation.

(e) If all obligations of the shareholder to the Corporation are cleared within 60 days of the mailing of the letter of notification, the Board of Directors may consider restoration of membership and stock ownership.

ARTICLE IV

Stockholders' Meetings

Section 1. The annual meeting of the stockholders shall be held each year at such time and place as the Board of Directors shall designate.

Section 2. A special meeting of the stockholders may be called by the President or by a majority of the Board of Directors. Upon the written request of not less than fifty stockholders, a special meeting of the stockholders shall be called by the President at a date not less than twenty nor more than thirty days after the receipt of such request. Notices of special meeting in all instances shall state distinctly the objects and purposes of the meeting and no business other than that for which it is called shall be presented or transacted.

Section 3. At least seven (7) days, but not more than twenty-one (21) days before the date of an annual or special meeting of the stockholders, the Secretary shall cause written and/or email notice of the time and place thereof to be mailed or delivered to each stockholder at the address appearing for such stockholder on the records of the Corporation.

Section 4. Except as otherwise provided in these By-laws, at any annual or special meeting; (a) fifty (50) stockholders present in person or by proxy shall constitute a quorum, and (b) a simple majority vote of those present in person or by proxy shall be sufficient to transact business.

Section 5. Ten (10) days prior to any annual or special meeting, the transfer books of the Corporation shall be closed and the list of stockholders eligible to vote shall be made up.

Section 6. At any annual or special meeting, each stockholder shall be entitled to one vote and no more than one vote shall be cast for each share of stock. A stockholder may vote in person or by proxy designated in writing. A stockholder voting by proxy will be considered as present.

ARTICLE V

Directors

Section 1. The governing body of the Corporation shall be a Board of Directors consisting of ten members. The property and operations of the Corporation shall be managed by the Board of Directors.

Section 2. The directors shall be elected at the regular annual meeting of the stockholders for a term of three years. In voting for directors, each stockholder may cast one vote

for each seat to be filled, without cumulation. Each director shall be a stockholder and shall receive no compensation for his service as a director.

Section 3. Newly elected directors shall commence their term of office, and their predecessors shall terminate their term of office, as of the close of the annual meeting of stockholders at which such election occurs.

Section 4. The transfer by a director of his stock in the Corporation shall constitute the resignation of his office.

Section 5. When a vacancy occurs on the Board of Directors, such vacancy may be filled by the Board of Directors at its discretion.

Section 6. If a director fails to attend three consecutive meetings of the Board of Directors or otherwise fails to perform any of the duties as a director, his office may be declared vacant by the Board of Directors and the vacancy filled as herein provided.

Section 7. Any director may be removed from office by the affirmative vote of two-thirds of the stockholders present or represented by proxy at a special meeting called for the purpose, but only after an opportunity has been given him to be heard.

Section 8. The Board of Directors, at its discretion, may cancel the stock of any stockholder for reasonable cause, including but not being limited to non-payment of dues, falsification of an application or subscription for stock, or any other such activity which may be deemed by the Board of Directors detrimental, and in case of cancellation of stock, shall refund to the former stockholder, upon surrender of the stock certificate, the current Sudley Club offered price as determined by the Board of Directors, less monies owed the Corporation.

Section 9. The Board of Directors is authorized to engage or dismiss the services of all employees of the Corporation and to fix the compensation of any officer or employee of the Corporation. -

ARTICLE VI

Directors' Meetings

Section 1. The first regular meeting of the directors shall be held not more than thirty (30) days following the annual stockholders meeting, at which meeting they shall establish the date of regular Board of Directors meetings.

Section 2. The President, or in his absence, the Vice President may call a special meeting of the Board of Directors at any time, and shall do so within fifteen days upon receipt of the written request of any five directors. The time and place of each meeting shall be fixed by the

President. Notice of each meeting shall be given at least five days before the date of the meeting.

Section 3. The President shall call a special meeting of the Board of Directors within ten days after receipt of the written request of any twenty-five stockholders, stating the business to be considered. At said meeting said stockholders or their representatives may attend to present such stated business and propose solutions for consideration by the Board.

Section 4. A majority of the directors shall constitute a quorum.

Section 5. Meetings shall be presided over by the President, or, in his absence, by the Vice President. In the absence of both the President and the Vice President, the Board of Directors shall elect a presiding officer for that meeting.

Section 6. At the discretion of the majority of the Board members present, meetings of the Board of Directors may be open to the stockholders, except as otherwise provided in Section 3 of this article.

ARTICLE VII

Officers

Section 1. The officers of the Corporation shall be a President, a Vice President, a Treasurer, and a Secretary, all of whom shall be elected by the Board of Directors for a term of one year at the first meeting following the regular annual meeting of the stockholders, and shall hold office until their successors are elected and qualified. With the exception of the Treasurer, no one other than directors shall be eligible to serve as an officer of the Corporation.

Section 2. The President shall preside at all meetings of the stockholders and of the Board of Directors. He shall perform such other duties as customarily pertain to the office of the President, or as he may be directed to perform by resolution of the Board of Directors. He shall be an ex-officio member of all standing committees.

Section 3. The Vice President shall have and exercise all the powers, authority and duties of the President during the absence of the latter or his or her inability to act.

Section 4. The Treasurer shall have custody of all funds, securities, fiscal papers, and other intangible assets of the Corporation. He shall collect the revenues of the Corporation and pay its bills as authorized by the Board of Directors. He shall provide and maintain full and complete records of all assets and liabilities of the Corporation. He shall prepare and submit a treasurer's report at each regular meeting of the Board of Directors. He shall administer a petty cash fund as authorized by the Board of Directors. The fiscal year of the Corporation shall be from January 1 to December 31. At the discretion of the Board of Directors, the annual operating dues of the Treasurer may be waived as long as he holds said office.

Section 5. The Secretary shall prepare and maintain full minutes of all meetings of the stockholders and of the Board of Directors. The Secretary shall give proper notice of all meetings of the stockholders and of the Board of Directors. The Secretary shall conduct all correspondence of the Corporation. The Secretary shall maintain the transfer books of capital stock of the Corporation. He shall maintain the membership records of the Club. The Secretary shall have custody of the seal of the Corporation and all valuable papers other than those kept by the Treasurer and perform such other tasks as customarily pertain to this office. At the discretion of the Board of Directors, the annual operating dues of the Secretary may be waived as long as he holds said office.

Section 6. When an officer is absent or otherwise unable to perform the duties of his office, the Board of Directors may designate another member of the Board of Directors to act temporarily in his place.

Section 7. Any officer of the Corporation may be removed from office by the affirmative vote of two-thirds of the stockholders present or represented by a proxy at a special meeting called for the purpose, but only after an opportunity has been given him to be heard. Any officer of the Corporation may be removed from office by the affirmative vote of two-thirds of the Directors present at a regular or special meeting of the Board of Directors, but only after an opportunity has been given him to be heard.

ARTICLE VIII

Committees

Section 1. The following standing committees shall be appointed by the President from the membership for the purpose of assisting the officers of the Corporation in the performance of their duties. The Chairman of these committees shall be approved by the Board of Directors.

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|-------------------------|-----------------------|
| a. Membership Committee | d. Swimming Committee |
| b. Finance Committee | e. Tennis Committee |
| c. Rules Committee | |

Section 2.

(a) The Membership Committee shall investigate and report to the Board of Directors regarding the desirability of applicants for membership.

(b) The Finance Committee shall prepare the annual budget for submission to and approval by the Board of Directors, and advise the President and Board of Directors concerning the financial affairs of the Corporation.

(c) The Rules Committee shall prepare rules of good health and good conduct in conjunction with the operation of the grounds and facilities of the Corporation and for the conduct of the affairs of the Corporation, including the drafting of proposed revisions of the By-Laws.

(d) The Swimming Committee shall have charge of and be responsible for the management of all swimming activities.

(e) The Tennis Committee shall have charge of and be responsible for the management of all tennis activities.

Section 3. The President is authorized to appoint such temporary committees as he shall deem necessary for the welfare of the Corporation.

Section 4. No obligation or expenditure may be made on behalf of the Corporation by a committee, officer, or member of the Board of Directors, without prior approval of the Board of Directors.

ARTICLE IX

Property and Finances

Section 1. The Corporation is not authorized to contract for any obligation in excess of its net worth, as adjusted for asset market value.

Section 2. Any obligation or pledge of the corporate assets shall require prior approval of a majority of the Board of Directors.

Section 3. The sale or transfer of any personal property having a value in excess of \$500.00 requires the prior approval of the Board of Directors - by a two-thirds majority of the entire Board.

Section 4. The sale or transfer of any real property (or interest in real property) requires the prior approval of the Board of Directors - by a three-fourths majority of the entire Board. If the real property (or interest in real property) has a value in excess of \$25,000.00, stockholder member approval is also required - by a three-fourths majority of all stockholder members of record.

Section 5. The funds of the Corporation shall be deposited only in a bank or institution whose deposits are insured by the Federal Deposit Insurance Corporation.

Section 6. The funds of the Corporation shall be deposited in such qualified depository or depositories as the Board of Directors may from time to time, by written resolution, designate,

and shall be so deposited within 72 hours of their receipt; provided, however, that receipts in the aggregate of \$100 or less need not be deposited more often than once a week.

Section 7. All disbursements of funds of the Corporation shall be made by checks signed by the Treasurer or, in his absence or inability to act by the Secretary; provided, however, that the Board of Directors may, by resolution, provide for the establishment and replenishment of a petty cash fund or funds, as may be necessary.

Section 8. The Board of Directors will secure the faithful performance of the treasurer by means of an adequate fidelity bond.

Section 9. The funds of the Corporation, except those on deposit as provided in Article IX (Section 5), or those invested in recreational facilities and property, may be invested only in obligations of the United States Government, or with Government-insured financial institutions. They may not be loaned to or invested with any officer, director or stockholder of the Corporation.

Section 10. The accounts of the Corporation shall be reviewed annually by a person or persons designated by the Board of Directors. The report of this review shall be presented at the annual meeting of the stockholders. Such person or persons shall not be either an officer of the Corporation or a member of the Board of Directors.

ARTICLE X

Members

Section 1. All members in good standing (and their dependents, if any) are entitled to the full use of the Corporation's facilities. Membership is divided into three, main categories:

- a. Stockholder Members - This category is for those persons who are owners of a share of Common stock. Their membership privileges cease upon cessation of stock ownership.

This type of membership is further categorized as *with dependent(s)*, *without dependent(s)*, or *nonresidents*.

(For purposes of these By-laws, the term *dependent* means a spouse and, if applicable, a child, stepchild, parent, stepparent, grandchild, or grandparent living in the same household with the Stockholder Member.

Non-resident is defined to mean a stockholder member who has been relocated to a distance not less than 100 miles from

the club.)

- b. Associate Member - This category is for those persons who are former stockholders (and their spouses, if any) who owned their stock for a period of seven (7) consecutive years and have no dependents under the age of eighteen years. This type of membership is further categorized as *individual* or *individual and spouse*.

Associate memberships are limited to fifty (50) in number and must be reviewed annually by the Board of Directors.

- c. Special Members - This category is for those persons granted such status by special action of the Board of Directors, on such conditions as may be set forth in its Resolution.

One stockholder membership is purchased with each share of stock. Relinquishment of the stock terminates the stockholder membership.

Section 2. All applications for membership, and any change in category of membership, must be approved by at least six members of the Board of Directors.

Section 3. In the event the number of approved applications exceeds the number of shares of Stock available, the following shall be done:

- (a) The Corporation shall exercise its right of first refusal and purchase all stock offered for sale until such time as stock is available for all approved applicants;
- (b) The Membership Committee Chairman shall establish a waiting list in order of receipt of completed applications by the Secretary;
- (c) Available stock shall be offered to approved applicants on the waiting list in the chronological order defined by the Secretary's receipt of application;
- (d) An applicant is removed from the waiting list when either: (1) the share of stock is purchased by the applicant; or (2) the share of stock is not purchased within one (1) month of written notice of its availability to applicant; or (3) the applicant withdraws the application for purchase.

Section 4. A member is *in good standing* if:

- (a) the member has paid his / her annual dues by the date set by the Board of Directors; and
- (b) the privileges of membership have not otherwise been suspended by the Board of

Directors.

Section 5. The Board of Directors may suspend the privileges of membership for any member (or any dependent) by a majority vote of the directors present at a regular or special meeting, but only after such member has been given an opportunity to be heard on the issue. The Board of Directors, however, may delegate authority to the Club Manager to suspend the privileges of membership for up to seven (7) days, subject to an appeal to the Board of Directors.

Section 6.

- (a) All classes of members shall be subject to the Corporation charter and by-laws, and the rules and regulations prescribed by the Board of Directors.
- (b) Any property of the Corporation broken or damaged by a member of any class or his guest shall be paid for promptly by such member.
- (c) The Corporation assumes no responsibility, and members of any class or their guests can have no claim against the Corporation, for the property of members of any class or any guest, which may be brought into or left in the Corporation buildings or on the grounds.

ARTICLE XI

Initiation and Transfer Fees

Section 1. The amount and due date of initiation fees for all classes of membership shall be established by the Board of Directors.

Section 2. A transfer fee may be assessed when stock changes ownership. The transfer fee shall be fixed by the Board of Directors.

ARTICLE XII

Annual Operating Dues

Section 1.

- (a) The Board of Directors shall set the annual operating dues which shall be payable on or before May 1. After this date, a 10 percent late fee will be assessed. Dues and late fees that are delinquent will be an obligation against the stock and the delinquent member and his dependents will be denied use of the Corporation facilities.

Notwithstanding any other provision of these By-Laws, if the delinquent dues and 10% late fees are not timely paid, the late fee will be increased per the following schedule:

- 1) Not paid by July 4 – 33% of dues.
- 2) Not paid by August 1 – 67% of dues.

If, by Labor Day dues and applicable late fees are not paid, the stockholder's membership shall be considered terminated and ownership of the stock shall revert to the Corporation. Any excess in value of the current share price at the time of termination over the outstanding dues, late fees, etc., owed shall be remitted to the former shareholder.

The notification provisions of Article III, Section 7, apply to this section.

(b) Dues for the various classes of members shall be apportioned as follows:

1. Stockholder with dependents 100% dues
2. Stockholder without dependents 50% dues
3. Non-resident Stockholder (as set by Directors)
4. Associate
 - a) Individual with spouse 50% dues
 - b) Individual 25% dues
5. Special (as set by Directors)

Section 2. Operating dues shall be sufficient to provide for the necessary expenses of the Corporation and the proper operation, maintenance, and improvement of its property.

Section 3. Operating dues shall not be refunded in the event that Corporation operations are required to be suspended or delayed for any reason.

Section 4. Should a family be temporarily relocated to the extent that distance would prohibit any use of the Club facilities, regular dues will be waived for up to a three-year period and they will be assessed maintenance dues as set by the Board of Directors.

Section 5. Special circumstances not covered herein will be considered on an individual basis and resolved annually by the Board of Directors.

Section 6. New members shall pay dues for their membership class prorated from the date they are approved to use the Club facilities as follows:

1. Prior to July 5 100%

2. July 5 to August 1 67%
3. August 1 to closing 33%
4. After Labor Day no charge

ARTICLE XIII

General

Section 1. All powers, authority, duties, and functions of the stockholders, directors, officers, and employees of the Corporation shall be exercised in strict conformity with applicable provisions of law and regulations and of the Charter and By-laws of the Corporation.

ARTICLE XIV

Amendments to By-laws

Section 1. Amendments to the By-laws, with the exception of Articles IX and XIV, may be adopted by the affirmative vote of a majority of the stockholder members voting at a duly held meeting of the stockholder members, either in person or by proxy (when the proposed amendment has been sent out in the notice of the meeting).

Section 2. Amendments to Article IX and XIV may be adopted only by the affirmative vote of three-fourths of all stockholder members of record. Voting on any such amendment may be in person or by proxy (when the proposed amendment has been sent out in the notice of the meeting) at any duly held meeting of the stockholder members.