

Farmstead Swim and Racquet Club

By-Laws

LAST REVISED: March 2003

CONSTITUTION AND BY-LAWS
THE FARMSTEAD SWIM AND RACQUET CLUB
OF NAPERVILLE, ILLINOIS

ARTICLE I ORGANIZATION

SECTION 1. The Club is incorporated under the laws of Illinois as Farmstead Swim and Racquet Club. Its object is the promotion of swimming and other outdoor sports, and the ownership and maintenance of the grounds, clubhouse and equipment necessary for these purposes on a non-profit basis.

ARTICLE II DEFINITIONS

SECTION 1. CLUB MEMBER. A Club Member shall consist of a family unit residing in Farmstead and nearby communities in Naperville, Illinois. A family unit shall consist of the head of the household and the permanent resident members of the family and upon approval by the Board of Directors, any other person temporarily residing with the family unit. Use of the pool and other physical facilities of the Club shall be limited to members and their guests, subject to the rules and regulations established by the Board of Directors.

SECTION 2. EQUITY MEMBER. Equity memberships are primarily intended for owners or lessees of single family residences. All equity members in good standing shall enjoy voting privileges and each family unit shall be entitled to two votes -- one for the husband and one for the wife -- except for those families with a single parent who shall be entitled to two votes. An equity member in good standing shall be entitled to the use of the pool and all other physical facilities of the Club.

SECTION 3. ANNUAL MEMBER. Annual memberships are primarily intended for families who are on the waiting list, renters residing in family residences set forth in Section 2, and others designated by the Board of Directors. An annual member shall be entitled to the use of the pool and all other physical facilities of the Club, subject to whatever restrictions are established by the Board of Directors.

SECTION 4. FULL MEMBERSHIP. Full membership for the Club is 332 dues-paying equity members who are in good standing.

SECTION 5. GOOD STANDING. Any member who has paid the initiation fee in full, or is up to date on a deferred payment plan for the initiation fee and who has paid in full annual dues and all other fees such as guest and lesson fees.

SECTION 6. BAD STANDING. Any member who is not in good standing as set forth in Section 5.

SECTION 7. BOARD OF DIRECTORS. Those equity members who have been duly elected by the Club's equity members to control and manage the affairs and property of the Club.

SECTION 8. INITIATION FEE. The fee established by the Board of Directors, subject to a maximum limit of \$2,100.00 plus \$100.00 for assessment, to purchase an equity membership.

SECTION 9. ANNUAL DUES. The yearly amount established by the Board of Directors, subject to a maximum limit of \$400.00, for use of the Club's facilities.

SECTION 10. SPECIAL ASSESSMENT. Any amount approved by a passing vote of the equity members present or by proxy to reduce the Club's indebtedness or to defray expenses for a new capital equipment or major repairs to the Club's facilities.

SECTION 10A. CAPITAL EXPENDITURE FUND. The Capital Expenditure Fund charge of \$35.00 per year will be established. The Fund thereafter can be increased by no more than \$10.00 per year, not to exceed \$100.00 per year. The board may elect to reduce the established Fund charge at their discretion. This charge will be billed and collected with the annual dues.

SECTION 11. WRITTEN NOTICE. Notice by mail to the member's last postal address on the Club's books.

SECTION 12. WAITING LIST. List of perspective members who have made application for membership. Names will be placed on the list in order of receipt of application.

SECTION 13. CANCELLATION LIST. List of equity members who have tendered in writing their resignation or who have been terminated by the Board of Directors. Names will be placed on the list in order of receipt of resignation or termination.

SECTION 14. PASSING VOTE. A two-thirds vote by equity members present or by their proxy vote.

ARTICLE III BECOMING AN EQUITY MEMBER

SECTION 1. Memberships may be purchased only from the Club and shall not be transferable, except as provided in Article VI. There shall be an initiation fee as listed in the official Club records for equity memberships. Every person desiring to become a member must make an application in writing to the Club on a form approved by the Board of Directors. The Board of Directors shall vote upon each application.

SECTION 2. Initiation fees are established annually, by the Board of Directors up to the maximum authorized by the members. The initiation fee will be announced in the newsletter in April of each year. The schedule of initiation fees will also be posted at the pool and will be available from the Secretary.

SECTION 3. Certificates of membership shall be contained in a book and be issued in consecutive order, under the corporate seal of the Club, and shall be numbered, registered, and signed by the President and Secretary in the order in which they are issued. All certificates returned to the Club shall be canceled by the Secretary and such canceled certificates replaced in their original place in said book.

ARTICLE IV BECOMING AN ANNUAL MEMBER

SECTION 1. The Board of Directors shall determine each year the number of annual memberships to be issued for the current operating year. Annual memberships may be issued by the Board of Directors at any time and upon such terms as the Board of Directors shall determine.

SECTION 2. Annual member shall have no ownership interest in the property and assets of the club. Annual memberships shall not be renewable as of right, any renewal being subject of approval of the Board. Annual dues of annual memberships shall be determined by the Board of Directors. Use of the Club by annual memberships can be limited prior to the swimming season by the Board of Directors. No family shall be permitted to be annual members for more than two years.

ARTICLE V RESIGNING AN EQUITY MEMBERSHIP

SECTION 1. Any member in good standing may at any time resign his membership by turning in to the Secretary of the Club their certificate of membership for cancellation and forfeiting all their rights. Names of the resigning members shall be placed on the cancellation list.

SECTION 2. The Secretary of the Club will cancel a membership only when sufficient funds are available and only upon approval of the Board of Directors.

SECTION 3. A resigning member, in good standing, will receive the current initiation fee (\$2,100.00) plus any special assessment (\$100.00) so long as Section 1 and Section 2 of this Article are satisfied.

SECTION 4. A resigned member in bad standing or a member who has been terminated by the Board of Directors will receive their original initiation fee plus any special assessment paid by that member less the amount of their indebtedness to the Club up to the date of cancellation.

ARTICLE VI TRANSFERRING AN EQUITY MEMBERSHIP

SECTION 1. Any member in good standing who ceases to be a resident homeowner may transfer their membership to the buyer of their home. The transfer will be made by the Secretary of the Club after receiving the certificate of membership from the member, canceling same immediately without being put on the cancellation list and issuing a new certificate to the buyer of the home.

SECTION 2. A membership may be transferred between members of the same family in the event of divorce. The transfer will be made by the Secretary of the Club after receiving written notice from either of the family members and signed by both members relinquishing all rights to the membership and request that it be transferred to another family member. In addition, the old membership certificate must be tendered to the Secretary of the Club who will cancel it and reissue a new certificate to the other family member.

SECTION 3. A membership may be sold by an equity member of another party provided the original membership certificate and an affidavit signed by the original member(s) relinquishing all rights are tendered to the Secretary of the club who will cancel the original certificate and issue a new certificate to the buyer. A Transfer Fee of \$100 payable to the Farmstead Swim and Racquet Club shall be assessed to the buyer whenever a new certificate is issued.

ARTICLE VII BECOMING AN INACTIVE MEMBER

SECTION 1. A member who ceases to be a resident within the Naperville postal district but retains ownership of their former residence may upon written application and approval of the Board of Directors become an inactive member. The member shall continue to be responsible for the annual dues and any special assessments. However the member may designate the renter of their former residence as an alternate family unit. Upon payment of the annual dues the alternate family unit will be granted full use of the facilities of the Club. Alternate family units will not be entitled to vote.

ARTICLE VIII BAD MEMBER STATUS

SECTION 1. When the annual dues or other indebtedness of any equity member shall remain unpaid for a period of twenty days after written notification, a second warning notice shall be sent to him; and if his indebtedness still remains unpaid ten days after the second notice is sent, he shall stand suspended and the Board of Directors shall forfeit his membership, in which event he shall cease to be a member of the Club and all his rights therein and in the Club's property shall be terminated and vested in the Club. A member whose membership is thus forfeited may be reinstated within three months after such forfeiture, upon payment of all his arrears, by a two-third vote of the Board of Directors. A notice to any such member by mail to his last post office address on the Club's books shall be sufficient notice hereunder. It shall be mandatory upon the Board of Directors to forfeit the membership of a member within forty days from the date of the mailing of the second warning notice.

SECTION 2. Good member status can be regained by a member in bad standing by payment in full of his outstanding debt as determined by the Board of Directors.

SECTION 3. All dues and all assessments levied by the Club and the house account of each member shall be a first lien upon his certificate of membership.

SECTION 4. The Board of Directors on its own motion, or on complaint of any member, filed with it, or on complaint of the Operating Committee may cite any member of the Club to appear before such Board of Directors for any supposed conduct unbecoming a gentleman or for any conduct injurious to the order, peace, interest, or welfare of the Club, or at variance with its objects constitution and by-laws, or rules. Any such complaint made by a member of the Operating Committee shall be in writing and signed by such member or by the Chairman of the Operating Committee, or where action is taken by the Board of Directors, it shall be by resolution of such Board. In any or either case, the Secretary at the direction of the Board, shall in writing notify the member giving him at least five days notice to appear before the Board of Directors to answer thereto. The investigation of such supposed conduct or misconduct shall be conducted in manner and form as the Board of Directors may see fit. If upon inquiry and hearing, the Board of Directors shall be satisfied that the cited member is guilty of such conduct or misconduct, it may censure or it may ask him to resign or expel him, which last action shall carry with it the termination of his membership. The Board of Directors shall be sole judge of what constitutes conduct unbecoming a gentleman, or what constitutes conduct injurious to the peace, interest or welfare of the Club, or what constitutes conduct at variance with the objects, constitution and by-laws, or rules of the Club, and shall be the sole judge of the sufficiency of the evidence by which such conduct is shown. Any member under suspension shall not be permitted to enter upon Club property or exercise any of the privileges of a member. A member who is expelled will be put on the cancellation list.

ARTICLE IX EQUITY RIGHTS UPON DISSOLUTION OF CLUB

SECTION 1. In the event of any dissolution of the Club, all assets remaining, after all liabilities and obligations of the Club have been paid or adequate provision made thereof, shall be distributed in equal shares to equity members in good standing at the time of dissolution; provided, however, that no member shall have any rights to any assets or property of the Club except in the event of dissolution and in such case only as specifically provided in this section.

ARTICLE X MEMBERSHIP RIGHTS UPON DEATH OF MEMBER OF A FAMILY UNIT

SECTION 1. Upon death of an equity member in good standing, the certificate of membership shall be charged with regularly accruing dues until such certificate is canceled or is renewed by the surviving spouse; such liability shall not exceed three months after the date of such death. Upon written notice of cancellation the member's estate shall be paid the redemption value, according to the rules of cancellation in Article V, Section 1.

ARTICLE XI PAYMENT OF ANNUAL DUES

SECTION 1. The Board of Directors shall, by the first day of March of each year, determine the annual dues to be charged for equity and annual memberships. The Board shall notify by the fifteenth day of March, all equity members in good standing of the estimate of probable costs and annual dues for the current year.

SECTION 2. Equity and annual members shall by the first day of May notify the Board of Directors of their intention to maintain their membership for the current year by remitting to the Club the annual dues for full membership. Dues of members terminating their membership shall be refunded on a prorata basis according to the number of days of the pool season, defined for the purpose of these by-laws as Memorial Day to Labor Day, that have elapsed at the time such membership is terminated, as determined by the Board of Directors in accord with a uniform policy established at the beginning of the year, provided, however, that no refunds shall exceed two-thirds of the annual dues nor shall any refunds be made in the case of membership termination's after August 1 of that year.

SECTION 3. The Board of Directors may change the amount of the annual dues or levy special assessments against voting members from time to time as in their sole discretion the urgency of the Club may require; provided, however, that no special assessment shall be valid until the same shall have been ratified and approved by a majority of the equity members present in person or by written proxy at a regular meeting, or at a special meeting call for the purpose of considering the same. New members accepted to membership during June, July and August shall pay dues from the effective date of their membership as fixed by the Board of Directors.

These dues will be prorated, but in no case less than one-third of annual dues. The annual dues of equity members will not exceed \$400.00 per year unless voted upon by equity members at an annual or special meeting.

ARTICLE XII MANAGEMENT

SECTION 1. The control and management of the Club and its affairs and property shall be entrusted to a Board of nine Directors. The Directors shall select a President who will preside at all meetings of the Board of Directors.

SECTION 2. The annual meeting and election of Directors of the Club shall normally be held on the third Tuesday in November of each year, at such time and place as the Board of Directors shall direct, notice of which time and place shall be given by mail to the members of the Club at least ten days before such meeting; but such meeting may be adjourned from time to time as shall be found necessary or convenient. The Directors elected at such meeting shall take office immediately.

SECTION 3. At any annual or special meeting of the Club, twenty-five equity members in good standing, or their written proxy, shall constitute a quorum for the transaction of business.

SECTION 4. Meetings of the Board shall be once a month at a time and place the Directors shall decide. Special meetings of the members may be called at any time by the Board of Directors and shall be called by them on the request in writing of not less than twenty-five voting members. Members shall be given at least five days notice by mail of any such special meeting, which notice shall state the subject of such meeting.

SECTION 5. The Directors shall hold office for two years and until their successors are fully elected and qualified. If the terms of less than four members expire, lots shall be drawn by the remaining members to determine which five will remain on the Board for the succeeding year. The provision for the election of Directors as set forth in Article XII, Section 6 herein, shall be construed to be applicable to only such vacancies in the Board of Directors as arise by reason of the operation of this Section 5.

SECTION 6. At least thirty days before the annual meeting, the Board of Directors shall appoint a nominating committee consisting of six members of the Club, two of whom shall be continuing Directors. Such nominating committee shall propose new director candidates, who together with the returning Directors, will constitute a complete slate of Directors to be submitted to the general membership for approval. At least fifteen days before the annual meeting, the Secretary shall mail to each voting member of the Club the proposed slate so made, identifying the proposed new Directors listed therein. Twenty-five or more members of the Club may nominate other Club members as candidates for the Board of Directors by filing with the

Secretary a written nomination at least ten days prior to the annual meeting. The Secretary will promptly mail notice of any additional nominations to all the voting members.

SECTION 8. If any Director fails to attend four meetings of the board in any fiscal year, the Board may in its sole discretion declare his office vacant.

SECTION 9. The officers of the Club shall be a President, Vice President, Secretary, and Treasurer. They shall all be members of the Board of Directors and shall hold their respective offices for one year and/or until their successors are elected and qualified. The officers shall be subject to the control of the Board of Directors unless he is an elected member of the Board of Directors.

SECTION 9.1 The President shall preside at all meetings of the members and shall be the general executive officer of the Club, subject to the direction and control of the Board of Directors. He and the Secretary shall sign, on behalf of the Club, all instruments in writing, contracts, deeds, notes, mortgages, and other legal documents which it may become necessary for the Club to execute after authorization from the Directors.

SECTION 9.2 The Vice-President shall perform the duties of the President in the event of his death, absence, or inability to act.

SECTION 9.3 The Secretary shall attend the meetings of the members and of the Board of Directors, and he shall keep in a book or books of the Club provided for that purpose, true and correct records of all the meetings; he shall give all the notices herein provided for or required by law, or that may from time to time be necessary or expedient, he shall have custody of the corporate seal, charter, constitution, an by-laws, and records; he shall conduct its correspondence, except such as belongs to the office of the Treasurer; and he shall perform such other duties as are usual to the office or as may be required by the Board of Directors. He shall at all times be subject to the direction and control of the Board of Directors.

SECTION 9.4 The Treasurer shall keep all accounts of the Club in books belonging to the Club, which shall at all times be open to the inspection of the Board of Directors. He shall collect and disburse the funds of the Club under the direction of the Board of Directors. He shall, if requested by the Board of Directors, render a statement in writing at each regular meeting of the Board of Directors, showing the receipts, disbursements and expenses during the preceding months, the amounts due from members and the cash balance on hand, and as far as practicable the outstanding complete balance sheet showing the financial condition of the Club and full report in detail of the receipts, disbursements and expenses of the fiscal year just closed, which balance sheet and report will be printed and distributed to the members at the annual meeting.

SECTION 10. The fiscal year shall end October 31 each year. The Treasurer shall keep the funds of the Club on deposit in the name of the Club in a bank, or other financial institution, and he shall furnish such bond as the Board of Directors may require. Funds may be used to purchase certificates of deposit, commercial paper, government or corporate bonds or other short term debt instruments that would qualify as prudent man investments. the Treasurer will be directed on proper disposition of funds for investment purposes by the Board of Directors and shall be authorized to act in the Club's behalf. The Board of Directors shall require that all checks, drafts, or other instruments for payment of funds of the Club shall require two signatures, one of which shall be the Treasurer; the other of which shall be a Director as authorized by the Board of Directors at their first meeting following annual election. He shall also perform such other duties as are usual to the office or may be required by the Board of Directors, and he shall be at all times subject to the direction and control of the Board of Directors.

ARTICLE XIII COMMITTEES

SECTION 1. The Board, at the first meeting of the Board of Directors following the annual meeting, shall elect Chairmen for the following standing committees from the Board:

- Operating Committee
- Membership Committee
- Tennis Committee
- Social Committee

Chairmen so appointed shall prepare and submit to the President a list of committee members to serve on such committees for the succeeding year. The President will appoint an Auditing Committee Chairman and other committee chairmen as necessary to the operation of the club and delegate to them such powers and duties as he may from time to time deem expedient.

SECTION 2. The Operating Committee shall be charged with the responsibility for operation of the recreational facilities of the Club.

SECTION 3. The Membership Committee shall be charged with the responsibility for all matters pertaining to membership, and shall supervise the election of the Board of Directors.

SECTION 4. The Auditing Committee, consisting of three full members who are not Directors, shall annually audit the books of the Club and shall report the results of their audit at the annual meeting. The report of the Auditing Committee shall be available to all members at all times.

SECTION 5. The Social Committee shall be responsible for all social functions sponsored by the Club.

ARTICLE XIV MISCELLANEOUS

SECTION 1. Nothing in these by-laws shall be construed to permit the Board of Directors to borrow or pledge the credit of the Club without the specific approval of two-thirds of the voting members of the club at a duly held regular or special meeting.

SECTION 2. The Club shall keep correct and complete records containing the name, addresses and types of membership of all members. Such records may be inspected by any voting member for any proper purpose upon reasonable written notice and statement of purpose.

SECTION 3. The Club shall file with the Secretary of State an Annual Report as required by Illinois law.

SECTION 4. The Board of Directors shall present at each annual or special meeting a full and clear statement of the business and financial condition of the Club.

SECTION 5. The Board shall promulgate rules and regulations not inconsistent with these by-laws governing the operation and use of the Club's facilities and in connection therewith shall take other action as it deems necessary and proper.

SECTION 6. These by-laws are subordinate to the Articles of Corporation but shall control and take precedence over any other rule and regulation of the Club, or publication or other matter, whether oral or written.

SECTION 7. All points of order-not covered by the by-laws shall be ruled upon according to Generally Accepted Rules of Order at all meetings.

SECTION 8. The Board of Directors may delegate to an administrative committee or to a responsible employee of the Club, the power to deny recreational privileges to any member of a family unit for violation of Club rules and regulations for a period not to exceed forty-eight (48) hours. A report of such suspensions, containing reasons therefor, shall be submitted to the Chairman of the Operating Committee and the Board of Directors within forty-eight hours of taking such action.

SECTION 9.

(a) All members of the Club shall be accorded the facilities of the Club subject to the rules and regulations which shall be adopted by the Board of Directors and posted at all times in the Club bathhouse.

(b) Except as otherwise provided by these by-laws, the Board of Directors at its discretion may extend privileges of the Club to non-members.

(c) The Board of Directors shall have full power to deny the use of the Club's facilities to any non-member.

(d) Any property of the Club either willfully or negligently broken or damaged by a member or his guest shall promptly be paid for by the head of the household of the member unless otherwise provided by the Board.

(e) The Club assumes no responsibility, and members or their guests can have no claim against the Club, for the property of members or any guest, which may be brought into or left in the buildings or on the grounds.

(f) No intoxicants shall be brought into the grounds without the prior consent of the Board of Directors.

SECTION 10. Each person who acts as a Director or officer of the Club shall be indemnified by the Club against expenses actually and necessarily incurred by him in connection with the defense of any action, suit or proceeding in which he is made a party by reason of his being or having been a Director or officer of the Club, except in relation to matters as to which he shall be adjudged in such action, suit or proceeding to have acted outside the scope of his authority or be liable for gross negligence or willful misconduct, and except any sum paid for the Club in settlement of such action, suit or proceeding based on action outside the scope of authority or gross negligence or willful misconduct in the performance of his duties.

(a) The right of indemnification provided herein shall inure to each Director and officer referred to in Section 10, whether or not he is such Director or officer at the time such costs or expenses are imposed or incurred, and in the event of his death, shall extend to his legal representatives.

SECTION 11. The Post Office address of the principle office of the Club shall be that designated by the Board of Directors. The Club shall have and continuously maintain in this State a registered office and a registered agent whose office shall be identical with such registered office as from time to time determined by the Board of Directors.

ARTICLE XV AMENDMENTS

SECTION 1. This constitution may be amended at any annual or special meeting of the Club, by vote of two-thirds of the voting members present in person or by written proxy. Notices of proposed amendments shall be furnished to the Secretary and the Secretary shall mail a notice of proposed amendments, with copies of same, to each member at least two weeks before such meeting.