

9/6/2008

CRIPPLE CREEK GOLF & COUNTRY CLUB LTD.

BYLAWS

ARTICLE I

NAME AND PURPOSE

1.0 Name. This Club is incorporated under the laws of the State of Delaware as **CRIPPLE CREEK GOLF & COUNTRY CLUB LTD.**, and it shall operate under the name of **CRIPPLE CREEK GOLF & COUNTRY CLUB**. It is also sometimes referred to herein as the "Club." [Amended September 30, 1995]

1.01 Registered Agent. The Registered Agent of the corporation is the corporation itself. The mailing address of the Registered Agent is 29494 Cripple Creek Drive, Dagsboro, Delaware 19939. The location of the Registered Agent is at 29494 Cripple Creek Drive, Baltimore Hundred, County of Sussex, State of Delaware.

1.02 Place Of Business. The principal place of business of the Club shall be at 29494 Cripple Creek Drive, Baltimore Hundred, Sussex County, Delaware, and its mailing address shall be 29494 Cripple Creek Drive, Dagsboro, Delaware 19939.

1.03 Purpose. The purpose and objective of the Club is to operate as a private social club for the social and recreational benefit of its members. Further, the object for which the Club is formed is to promote and encourage the game of golf and other kindred outdoor sports, and to buy, sell, mortgage, pledge and deal generally in such real and personal property as may be necessary and convenient to the furtherance of said object.

1.04 Corporate Seal. The Corporate Seal, a sample of which is affixed hereto, shall be circular in form and shall have inscribed thereon in the outer circle the words "Cripple Creek Golf & Country Club Ltd." and in the inner circle the words "Corporate Seal 1993 Delaware". [Amended April 12, 1997]

ARTICLE II

PROPERTY

2.0 Property. The property of the Club shall consist of all property, real, personal and mixed including but not limited to the Clubhouse, a swimming pool or pools, tennis courts, grounds suitable for playing golf and for participating in other athletic sports, and such other property and facilities as deemed appropriate. [Amended April 12, 1997]

2.01 Responsibility. The Club shall not, under any circumstances, be responsible for property of members, visitors, guests or other persons brought on the premises for any purpose whatsoever.

2.02 Use. Property of the Club shall not be loaned or removed from the premises, or be put to use other than that for which it was intended.

2.03 Damage. Members must pay for all breakage or damage to Club Property, including golf cars and surrounding property, caused by them, their family members and their guests. [Amended April 12, 1997]

2.04 Property Rights. No member or any other person shall have or acquire any property rights in the property, assets or holdings of the Club, except as provided in the Certificate of Incorporation of the Club or these Bylaws.

ARTICLE III

MEMBERSHIP

3.0 Membership Classification. Members shall be classified as hereinafter provided. Each member classification as herein defined shall have the rights, privileges and obligations pertaining to such classification.

3.01 Shareholder Member. A shareholder member shall be an individual who has paid a full initiation fee and/or stock purchase price and who holds a vested share of stock issued by the Club. No shareholder may own voting stock without the payment of annual dues. A shareholder member shall be at least twenty-one (21) years of age. This member, the member's spouse, and the member's single sons and daughters, stepchildren, foster children or wards under twenty-three (23) years of age (hereinafter referred to as "sons and daughters"), shall have, subject to the Club rules and these Bylaws, all privileges afforded by the Club. Only the shareholder member and a non-equity member (as defined in Section 3.02 hereof) shall have a share of the Club's assets and the right to vote in accordance with Section 11.0. The combined number of shareholder and non-equity memberships shall not exceed the authorized number of memberships. A shareholder or a non-equity member who participates in any extended plan for payment of initiation fee and/or stock purchase price shall be considered a shareholder member for all purposes except, however, such member shall not be eligible to vote until said initiation fee and/or stock purchase price has been paid in full. No shareholder member may sell his membership and become an associate member without a waiting period of non-membership of any kind of at least five (5) years. [Amended April 3, 2004]

3.02. Non-Equity Member. From and after May 1, 2004, a non-equity member shall be an individual who has paid a full initiation fee. Such member owns no stock in the Club. Notwithstanding that, such non-equity members share equally in the ownership of the Club with the shareholder members defined in Section 3.01 of these By-laws. A non-equity member shall be at least twenty-one (21) years of age. Such non-equity members shall have all the rights and privileges of membership as are accorded to shareholder members (as such are defined in Section 3.01 of these By-laws), except non-

equity members shall have no right to resell their membership interest in accordance with Article XI, Section 11.04 of these By-laws. [Amended April 3, 2004]

3.02.01. Business Membership. Upon payment of a per-person initiation fee established pursuant to a schedule established from time to time by the Board of Directors, a business enterprise (whether incorporated or not) accepted for non-equity membership by the Board may designate two or more of its owners or employees to enjoy the rights and privileges of membership, as well as the duties thereof. Those duties shall include payment by each such designee of dues, minimums and other fees pursuant to a schedule similarly established by the Board of Directors, which upon non-payment shall also become an obligation of the business enterprise. For purposes of Section 11.04 of these Bylaws regarding the 2:1 resale by the Club of shares of voting stock, designees under all business memberships will be considered collectively, so that the Club's receipt of initiation fees for all designees under that class of membership shall be counted pro rata, in accordance with the initiation fee schedule that applied from time to time, in calculating how many "new memberships" the initiation fees received on behalf of those designees collectively represent. At the beginning of each Club fiscal year, each business enterprise shall inform the Club of that year's designees under its membership, who if different from those in the prior year shall be subject to the same Board approval as other new members. Without approval of the Board, a designee may not be changed during the Club fiscal year. [Amended September 8, 2007]

3.03 Junior Member. From and after May 1, 2004, a junior member shall be a person under forty (40) years of age, who has paid \$1,000 toward the initiation fee, and an additional \$1,000 annually until the full initiation is paid, which must be before such member has reach forty (40) years of age. Such junior member, as well as his spouse and sons and daughters (as such term is defined in Section 3.01 of these By-laws), shall have full use of Club facilities, except that such junior member shall not be privileged to vote on Club matters until the full initiation fee has been paid. When the full initiation fee has been paid, such junior member automatically becomes a non-equity member, as that term is defined in Section 3.02 of these By-laws. Junior members shall not exceed twenty five (25) in number at any given time. [Amended April 3, 2004]

3.04 Part-time or Senior Members. From and after May 1, 2004, a part-time or senior membership is available to any shareholder or non-equity member in good standing who has been a dues-paying member of the Club for ten (10) years and has reached the age of sixty-five (65) years. Any shareholder or non-equity member who qualifies for such membership must make an application for such status. Such memberships will be available only if the membership of the Club is at, or above, 400 members. If the Club membership is not at, or above, 400, such applicants will be placed on a waiting list to be maintained by the Club. Once such membership is granted, a part-time member shall have all the rights and privileges of a shareholder member, as such rights are defined in Section 3.01 of these By-laws, except that such member is limited to twenty (20) rounds of golf in any given year. Should the Club membership drop below

400 once such membership has been granted, those who have such membership will not be adversely affected thereby. Such members shall pay dues of one-half (1/2) the annual dues of shareholder or non-equity members, unless the Board of Directors decides otherwise pursuant to Article V, Section 5.0 of these By-laws. [Amended April 3, 2004]

3.05 Contractor/Developer Membership. Any shareholder or non-equity member in good standing, who is a contractor or developer (recognized or licensed as such by the state or states in which he operates) within the area served by the Club (as such area may be defined from time to time by the Board), may offer a membership to one of his customers at 75% of then established initiation fee. Effective May 1, 2004, the initiation fee for such membership will be \$7500. Such initiation fee will be subject to review and change by the Board pursuant to Section 5.0 of these by-laws. [Amended April 3, 2004]

3.06 Social Member. A social member shall be an individual who shall own no shares of stock and who shall have no interest in the property of the Club and who shall not possess the right to vote. A social member shall be at least twenty-one (21) years of age. This member, the member's spouse, and the member's single sons and daughters, (as defined in Section 3.01) under twenty-three (23) years of age shall have, subject to Club rules and these Bylaws, use of all Club facilities except golf. Social memberships are extended by the Board of Directors, (hereinafter referred to as "the Board"), on an annual basis and need not be extended from year to year. Social memberships are not transferable by gift or inheritance (except between husband and wife) and cannot be resold.

3.07 Intermediate Member. An intermediate member shall be an individual who shall own no shares of stock and who shall have no interest in the property of the Club and who shall not possess the right to vote. An intermediate member shall be at least twenty-one (21) but less than thirty-two (32) years of age and be the son or daughter (as defined in Section 3.01) of a shareholder or non-equity member. This member, the member's spouse and the member's single sons and daughters (as defined in Section 3.01) shall have, subject to Club rules and the Bylaws, use of all Club facilities afforded by the Club. The intermediate member must resign or convert his membership to non-equity status, as applicable, within thirty (30) days prior to his thirty-second (32) birthday, subject to approval of the Membership Committee and the Board. At the time of such conversion, the intermediate member, upon acceptance by the Membership Committee and the Board, shall pay any balance due on the prevailing initiation fee and/or stock purchase price within three annual equal installments, at no interest. [Amended April 3, 2004]

3.08 Associate Member. An associate member shall be an individual who shall own no shares of stock and who shall have no interest in the property of the Club and who shall not possess the right to vote and which membership cannot exceed five (5) years. This member shall be an individual at least twenty-one (21) years of age. This member, the member's spouse and the member's single sons and daughters (as defined in Section 3.01) shall have the use of all Club facilities. An associate member may seek elevation to non-equity status at any time, providing non-equity status is available after appropriate approval and payment of the current initiation fee and/or stock purchase price and all necessary fees, including credit for the initiation fee paid as an associate member (ignoring assessments, if any). Such elevation to non-equity status must be sought within five (5) years of acceptance as an associate member or else all rights, privileges and payments will be forfeited except for associate members who achieved such membership status prior to April 28, 1993, and who continue as associate members under the terms and conditions of Article VIII, Section 3, of the Bylaws dated May 28, 1989. If non-equity status is not available, such associate member shall be placed on an established waiting list in the order in which applications are received and shall continue as an associate member until a non-equity membership becomes available.

[Amended April 3, 2004]

3.09 Seasonal Member. A seasonal member is an individual who shall own no shares of stock and who shall have no interest in the property of the Club and who shall not possess the right to vote. A seasonal member shall be an individual at least twenty-one (21) years of age or older who shall have use of all Club facilities for a period as established by the Board. Seasonal membership privileges are extended by the Board at its sole discretion on an annual basis and need not be extended from year to year. [Amended April 12, 1997]

3.10 Inactive Member. An inactive member shall be an active dues paying shareholder or non-equity member who is placed in an inactive status, which merely postpones his Club obligations. This status may be entered into for an initial period of any consecutive twelve (12) months, or such lesser period as the Board may allow in cases of extraordinary hardship, with the following qualifications: [Amended April 3, 2004] [Amended September 6, 2008]

3.10.01 The member must request transfer to inactive status in writing to the Board setting forth the reasons for the request. The Board will routinely grant requests for 12-month inactive status. Requests for inactive status of less than 12 months are disfavored, and will be granted by the Board only in cases of extraordinary hardship. [Amended September 6, 2008]

3.10.02 All Club privileges, including voting rights, are suspended while in inactive status. If the inactive status is for reasons other than disability, an inactive member may, upon payment of the unaccompanied guest fee, play the golf course during the 12 months of inactive status no more than the maximum number of times set by the Board from time to time (and a pro rata number of times during any shorter period of inactive status). [Amended September 6, 2008]

3.10.03 The member will be automatically reinstated at the termination of the twelve-month or lesser inactive period, unless prior to that period's termination the member proceeds in accordance with 3.10.05 below to request, subject to the same conditions as in 3.10.01 above, an additional period of inactive status. [Amended April 12, 1997] [Amended September 6, 2008]

3.10.04 The Club must effect an agreement with the member as to all of his obligations to the Club, including the time of payment of the member's account, prior to allowing the member to go on an inactive status. The Board shall have the discretion to agree with such member as to the fees he will be charged, if any, while in inactive status. Shareholder and non-equity members continue to be responsible for assessments. [Amended April 3, 2004]

3.10.05 The member may request, in writing, subject to Board approval, additional extensions of inactive status. The total period of inactive status may not exceed two (2) years. If the member does not wish to be reinstated at the end of the period, he/she should then follow the procedures for resignation set out in Article IV of these Bylaws. [Amended September 30, 1995; April 12, 1997] [Amended April 3, 2004] [Amended September 6, 2008]

3.10.06 A member, while on inactive status, may not redeem his share of stock, if any.

3.11 Privileges Of Spouses. [Repealed September 6, 2008]

3.11a. Extended Membership Privileges. The Board may, upon application by a member, extend membership privileges -- as granted by Sections 3.01 and 3.02 of these Bylaws to certain designated persons within a member's family -- to other individuals in the following circumstances:

(1) where the member is not married, to an individual with whom the member has a sole-companion-type relationship and who occupies the member's residence when enjoying Club privileges;

(2) where the member is not married, to a relative who shares the member's domicile;

(3) where a member and/or his or her spouse become, by reason of lengthy disability or absence of unusual duration, unable to enjoy the benefits of membership, to another family member;

(4) upon the death of a married member or his or her spouse, to another family member;

(5) to other individuals who the Board determines have situations sufficiently analogous to those listed in (1) - (4) above that they should be similarly treated.

The opportunity to obtain the privileges extended by this Section, without payment of a transfer fee, is in addition to those provided by the Sections of these Bylaws (in Article XI) setting conditions and fees for membership transfers. It does not eliminate a member's option to seek instead Board approval of a "transfer to inactive status" as provided by Section 3.10 of these Bylaws. [Added September 6, 2008]

3.12 Policies. The following policies shall apply:

3.12.01 Legacies. The son or daughter (as defined in Section 3.01) of a shareholder or non-equity member has the same privileges as are afforded to other candidates for membership except he may apply for an intermediate membership, if he is of the proper age. [Amended April 3, 2004]

3.12.02 Classification Changes. A change in membership classification must be requested in writing and received by the Membership Committee at least (30) days in advance of the desired effective date of such change.

3.12.03 Other Classes. The Board, in its discretion, may from time to time reduce or increase the number of persons in one or more classes of membership; provided, however, no then-current members of such class will be denied continuing membership in such class. If the number of members in such class exceeds the authorized number, such class shall be reduced by attrition.

3.12.04 Reservation Of Shareholder or Non-Equity Memberships. The Club recognizes an Agreement between Cripple Creek Golf & Country Club, Inc., and Cripple Creek Properties, L.P., effective July 21, 1984, as amended, to reserve one hundred forty-eight (148) shareholder or non-equity memberships for purchasers of Fairway Villas townhouses and Fairway Villas lots who qualify and are approved by the Board pursuant to Section 3.12.07. Said one hundred forty-eight (148) shareholder or non-equity memberships are part of the total authorized number of shareholder or non-equity memberships. [Amended April 3, 2004]

3.12.05 Admission Procedures For Non-Owners Of Fairway Villas Lots Or Fairway Villas Townhouses. Membership in the Club shall be extended by invitation of the Board only. A request that an invitation to membership be extended must be made in writing by at least two (2) shareholder or non-equity members in good standing. All requests for invitations, including the signatures of two members (including the sponsor), shall be submitted to the Membership Committee for consideration and review prior to action by the Board. The Membership Committee shall examine all information and communications in reference to each proposed membership. Before each Board meeting, the Membership Committee shall submit to the Board a list of requests for invitations, together with its recommendation for action. If the interval between action by the Membership Committee and the next meeting of the Board exceeds two months, the

Board, at its discretion, may review the proposals of the Membership Committee by mail, telephone, or telefacsimile and take action by mail or as otherwise provided in these By-laws. Approval by mail, telephone or telefacsimile must be affirmatively granted by a majority of the Board. [Amended April 3, 2004]

3.12.06 Owners Of Fairway Villas Lots Or Fairway Villas Townhouses. Prospective purchasers of Fairway Villas townhouses or Fairway Villas lots, either original purchasers or subsequent purchasers upon resale, shall be subject to approval by the Membership Committee and Board as members of the Club, which approval shall not be unreasonably withheld. Cripple Creek Properties, L.P., or a selling owner of a Fairway Villas townhouse or Fairway Villas lot, shall notify the Club by hand delivery, telefacsimile or first class mail certified, return receipt requested, of a pending sale or resale of a Fairway Villas townhouse or a Fairway Villas lot and simultaneously shall provide the Club with a copy of the agreement of sale for such Fairway Villas townhouse or Fairway Villas lot sale, together with a completed membership application. If the prospective purchaser of a Fairway Villas townhouse or Fairway Villas lot is not rejected for membership within fifteen (15) days of receipt of such agreement of sale and membership application or within twenty-one (21) days of mailing such agreement of sale and membership application to the Club, whichever is earlier, such prospective member shall be deemed accepted as a member. Approval by mail, telephone or telefacsimile must be affirmatively granted by a majority of the Board. [Amended April 12, 1997]

3.12.07 Information. It is the duty of each member of the Club possessed of any information derogatory to the character of a candidate for membership, or knowing of any good reason why membership should not be granted to such individual, to communicate the same to the Membership Committee. All such communications shall be held by the Membership Committee in confidence.

3.12.08 Invitation. If a decision is made to extend an invitation for membership, the President or Secretary shall notify the individual to be invited and furnish him with a copy of the Bylaws and a copy of the Club Rules, and upon his subscribing to them and paying to the Club the required initiation fees and/or stock purchase price and dues, he shall be entitled to the rights and privileges of membership.

3.12.09 Failure To Accept. Any person elected to membership who does not comply with the foregoing requirements within one (1) month from the time of his notification shall be considered to have declined to become a member.

ARTICLE IV

RESIGNATION, SUSPENSION AND EXPULSION

4.0 Resignation. A member may resign by delivery of written notice to the Club's business office at least thirty (30) days prior to the end of the month when the resignation is to become effective. No resignation shall be accepted until the member's financial obligations are settled to the satisfaction of the Board of Directors. All of the resigning member's indebtedness to the Club shall be due and payable upon the effective date of the resignation. When such resignation is effective, the resigning member's Club privileges and obligations shall cease. A resigning member shall not receive any refunds of initiation fees, stock purchase price, assessments or dues unless provided otherwise in these Bylaws. A shareholder member, who has requested resale through the Club, if he continues to pay annual dues, may continue to enjoy the privileges and be responsible for the obligations of membership until such stock has been sold by the Club.

4.01 Date. If a resignation is effective between May 1 and June 30 of a year, a member shall forfeit one-half (1/2) of his annual dues, and if a resignation is effective between July 1 of one year and May 1 of the next year, a member shall forfeit all of his annual dues. A shareholder member's stock certificate will be redeemed pursuant to Section 11.04.

4.01a Re-joining by Resigned Member. A member resigning after April 26, 2008, may, with Board approval, rejoin the Club by resuming current dues payments and satisfying additional financial requirements which shall initially include:

- a) Paying any interim member assessments since his/her resignation, and
- b) Paying a membership renewal fee equal to the lesser of:
 - total dues payments missed during resignation period, or
 - a year's dues at the current annual rate.

The Board may alter the above financial requirements from time to time but any such Board action shall not apply to those who resigned before the date thereof. [Added September 6, 2008]

4.02 Suspension Or Expulsion. Any member may be suspended or expelled by the Board pursuant to Article V for non-payment of indebtedness to the Club. If a shareholder member is expelled, the indebtedness will be paid first from the proceeds of the shareholder member's redeemed stock.

4.03 Procedure. The Board may, at any time upon good cause and upon a two-thirds (2/3) affirmative vote of the entire Board, require the suspension or forfeiture of membership of any member of the Club; provided, however, the member to be suspended or expelled, except for failure to fulfill financial obligations, shall have the opportunity to present his position before the Board prior to its vote as set out herein.

4.04 Cause. The term "cause" for purposes of Section 4.03 hereof shall include, but not be limited to, disorderly conduct at the Club, conduct endangering the good order, welfare or character of the Club, (including, but not limited to jeopardizing, by reason of a member's or a guest's misconduct, the ability of the Club to serve alcoholic beverages), **sexual harassment** or being deemed "financially irresponsible" as defined in Section 5.04 of these Bylaws. [Amended September 10, 2005]

4.05 Hearing. A hearing by the Board shall be required for suspension or expulsion, except as provided in Sections 4.03 and 5.04. Notice in writing of such hearing, stating the grounds for the proposed suspension or expulsion and that such member has a right to be heard, must be delivered to him or mailed to his last address carried in the records of the Club at least five (5) days before such hearing is scheduled. The Board, by vote of two-thirds (2/3) of the entire Board, may rescind any such action and reinstate the member, upon or without conditions, at its discretion.

4.06 Appeal. Any member may appeal his suspension or expulsion by written notice to the general membership at the next annual meeting of the general membership or at a special meeting of the general membership called for that purpose. The notice of appeal must be delivered to the Club office within ten (10) days after such action by the Board. If a fine has been imposed, payment thereof shall constitute a condition precedent to the right of appeal. Upon appeal, the Board's action may be overturned by a majority of a quorum of the voting members of the Club at the next annual meeting or special meeting. Upon expulsion, all indebtedness to the Club is immediately due and payable.

4.07 During Suspension. During a period of suspension, the suspended member shall continue to be responsible for timely payment of applicable dues and assessments but shall not have any Club privileges either on his own account or as a guest of a member.

4.08 Refunds of Dues For Expelled Member. An expelled member shall receive a pro-rata refund of his dues.

4.09 Expulsion Of Shareholder Member. An expelled shareholder member shall be considered to have sold his share of stock pursuant to Section 11.04 of these Bylaws.

4.10 Delinquent or Suspended Member. A delinquent or suspended member may not vote at official Club meetings held pursuant to Article VIII or Article X. [Amended April 12, 1997]

ARTICLE V

FEES, DUES, ASSESSMENTS AND PENALTIES

5.0 Current Classes. The amount and payment schedule of the initiation fees and/or stock purchase price and dues for each class of membership provided for herein shall be fixed and determined by the Board from time to time. The Board shall publish and provide a list of the current initiation fee and/or stock purchase price and dues structures to all members.

5.01 Future Classes. The Board shall establish the amount and payment schedule of initiation fees and dues for such other classes of membership as may be established hereafter.

5.02 Assessments. If the Board believes it necessary to levy assessments for the purposes of improving, operating and maintaining the Club, it shall be authorized to levy such assessments from time to time not to exceed in the aggregate one third of the then aggregate annual dues for shareholder and non-equity members per member for any one fiscal year. All other assessments may be levied only after approval by a majority of the voting members present or by proxy at an annual meeting at which a quorum is present, or at a special meeting of the membership at which a quorum is present, called for the purpose of considering such a recommendation by the Board. Any and all assessments may be imposed on all members. [Amended April 3, 2004]

5.03 Capital Expenditure Limitation. Any capital expenditure, in the aggregate for any project or related expenditures, exceeding the greater of Three Hundred Thousand Dollars (\$300,000) or fifty percent (50%) of the regular dues assessed for the current fiscal year, shall require approval by a majority of the voting members present or by proxy at an annual meeting, at which a quorum is present, or at a special meeting of the membership called for such purpose at which a quorum is present. Such approval shall also include separate approval of a proposed financing plan or plans. [Amended April 12, 1997]

5.04 Failure To Pay. Any member who fails to pay his/her notes, authorized assessments or accounts within thirty (30) days of the statement billing date will be considered delinquent. A 1.5% per month finance charge on delinquent amounts shall be added to such member's account. If the member fails to pay the delinquent amounts within sixty (60) days of the original statement billing date, and the delinquent amount exceeds the greater of 50% of annual dues or 25% of redeemable equity, a letter shall be sent to the member by the Club Treasurer requesting that such member either settle the account before the next billing date or reach agreement with the Club Treasurer on a reasonable payment schedule. Such letter shall also describe the next step of the collection process that will be undertaken should the member fail to take either prescribed action. If the member fails to take either prescribed action by the stated deadline, the Club Treasurer shall report the details of the member's delinquency to the Club Board no later than the next scheduled

Board meeting, and the Board shall decide whether to: 1) suspend the member's Club privileges until the account is settled, or 2) give the member another sixty (60) days to settle the account. If such member remains in default for an additional sixty (60) days after one or more of the preceding Board actions, the Board shall determine whether such member shall be expelled. Any member whose name appears on the 90 day delinquent list three times in a twelve month period shall be fined in an amount as determined by the Board from time to time, and will be deemed financially irresponsible and thus subject to suspension or expulsion.” [Amended September 10, 2005]

5.05 Nonpayment. Any member giving or endorsing a check to the Club, which is not paid on presentation, will be notified of such non-payment. In the event the amount of the check as well as all costs associated with such non-payment are not paid to the Club within ten (10) days from the mailing of the notice of non-payment, such member will be dealt with as follows:

5.05.01 The member will be suspended forthwith, without further action, from all Club privileges until the amount of the check and all costs associated therewith are paid. Notice of such suspension will immediately be given the member.

5.05.02 For the second offense of the foregoing rule within any period of twelve months, the member, in addition to being suspended as above referred to, may also be fined an amount as determined by the Board.

5.05.03 For the third offense of the foregoing rule within any period of twelve months, such member, in addition to the suspension above provided for, will also be suspended for a period of thirty (30) days and until the amount of the check is paid, if longer, and shall be deemed "financially irresponsible" and thus subject to further suspension or expulsion.

5.05.04 Any member who frequently or habitually gives checks to the Club which are returned unpaid, in the discretion of the Board, will have his credit at the Club suspended for such periods and under such circumstances as the Board may deem proper.

5.06 Indebtedness To The Club. The Board may authorize legal action against a member in order to collect amounts owed.

5.07 Lien Of The Club On Shares Of Stock. The Club shall have a lien upon each share of stock for unpaid dues, other charges or indebtedness of a member. The Treasurer of the Club shall, upon order of the Board, notify the owner of a share, in writing, stating the amount of any unpaid indebtedness of said shareholder member to the Club and the intention of the Board to sell said share for the payment of such indebtedness. At the expiration of thirty (30) days from the date such notice is mailed, if the indebtedness remains unpaid, the Board may sell said share of stock. When and as such is sold, the Board shall pay over to the

defaulting shareholder member any balance due of the portion due the member pursuant to Section 11.04 of these Bylaws after liquidating the indebtedness of the shareholder member to the Club; provided, however, that no portion of annual dues shall be remitted to a member whose stock is sold pursuant to this Article.

5.08 Continuing Responsibilities. If any of the Club facilities are unavailable for membership use due to fire, casualty or other similar occurrence beyond the Club's control, the members shall continue to be liable for the payment of all dues, charges, fees and assessments.

ARTICLE VI

GOVERNANCE AND GENERAL MANAGEMENT

6.0 Officers And Board Of Directors. The government and general management of the Club shall be a President, a Vice President, a Secretary and a Treasurer, all of whom shall be shareholder or non-equity members. In addition to the President, Vice President, Secretary and Treasurer, there shall be also be elected as Directors at least three (3) but no more than eleven (11) additional shareholder or non-equity members of the Club, pursuant to Section 6.01 of this Article, all of whom shall comprise the Board. Directors shall be shareholder or non-equity members of the Club in good standing. [Amended April 3, 2004]

6.01 Terms Of Office Of Board Of Directors. Directors shall be elected at the annual meeting of members and shall hold office for a term of three (3) years and until their successors are elected. Terms of Directors shall be staggered so that no more than one-third (1/3) of the Directors shall be elected at any annual meeting of members. [Amended April 3, 2004]

6.01.01 Any of such Directors, however, may be removed from office by a majority vote of members in attendance at a duly-noticed general or special meeting of members at which a quorum is present. [Amended April 3, 2004]

6.01.02 Failure to attend three (3) Board meetings without excuse within a twelve (12) month period may constitute grounds for removal of a Director from the Board by such remaining Directors.

6.01.03 At the first annual election by the Club membership after approval of these Bylaws, there shall be elected fifteen (15) Directors. The Nominating Committee shall present its proposed list of nominees divided into three (3) categories representing one (1) year, two (2) year and three (3) year terms of office.

6.01.04 No Director who has served two (2) three-year terms shall be eligible for re-election until after the expiration of one (1) year from the termination of his second three-year term.

6.01.05 No person shall be eligible to serve as an officer in the same office for more than two (2) successive terms, except one who serves as Treasurer or Secretary.
[Amended September 30, 1995]

6.02 Terms Of Office Of Officers. The President, Vice President, Secretary and Treasurer shall be elected by the Board at an annual meeting of the Board and shall hold office for a term of one (1) year and until their successors are elected. Such meeting of the Board shall be held within fifteen (15) days of the close of the annual meeting. Any officer, however, may be removed from office by a two-thirds (2/3) majority vote of the entire Board at a duly noticed regular or special meeting of the Board at which meeting the officer to be removed may vote on all matters, including his removal, until after his removal. Any officer may also be removed from office by a majority vote of members in attendance at a duly-noticed regular or special meeting of members at which a quorum is present. Vacancies in any office shall be filled by the Board from its members for the unexpired portion of the term of office. [Amended April 3, 2004]

6.03 Personal Liability. Directors shall not be held personally liable, individually or collectively, for debts of the Club nor for the misdeeds of its employees or agents except as may be provided by law in case of fraud on the part of the Directors themselves.

ARTICLE VII

DUTIES AND POWERS OF THE OFFICERS AND THE BOARD OF DIRECTORS

7.0 President.

7.0.01 The President shall be the chief executive officer of the Club. He/she shall preside at all meetings of the members and of the Board at which he may be present. He/she shall sign such instruments as the Board may direct and shall perform such other duties as the Board may prescribe or as may be imposed upon him/her by law.
[Amended April 3, 2004]

7.0.02 The President shall not be compensated for serving as President. All reasonable, necessary and documented expenses incurred by the President in carrying out the duties of his office shall be reimbursed by the Club.

7.01 Vice President.

7.01.01 The Vice President shall perform the duties of the President in his/her absence or disability and other duties as assigned. [Amended April 12, 1997]

7.01.02 The Vice President shall not be compensated for serving as Vice President. All reasonable, necessary and documented expenses incurred by the Vice President in carrying out the duties of his/her office shall be reimbursed by the Club.

7.02 Secretary.

7.02.01 The Secretary shall attend all meetings of the members and the Board and shall keep a detailed record of all votes and business transacted thereat in a book to be kept for that purpose and of which he/she shall have custody but which shall at all times be open to inspection by any member of the Board. He/she shall have the authority in the name of the Club and on behalf of the Club to sign and affix the corporate seal where necessary for deeds, mortgages, contracts, bonds, agreements, financing statements and other documents. The Secretary shall have custody of the seal of the Club. He/she shall conduct the correspondence of the Club and shall give notice of all meetings of the members and of the Board. He/she shall perform such other duties as the Board may prescribe or as may be imposed upon him/her by law.

[Amended April 3, 2004]

7.02.02 The Secretary shall not be compensated for serving as Secretary. All reasonable, necessary and documented expenses incurred by the Secretary in carrying out the duties of his/her office shall be reimbursed by the Club.

7.02.03 In case of absence or disability of the Secretary, the Board may appoint a temporary Secretary from its members.

7.03 Treasurer.

7.03.01 The Treasurer shall have general charge of the financial affairs of the Club subject to the supervision and control of the Board, with authority in the name and on behalf of the Club to collect all fees, dues and other accounts due to the Club, to pay all bills on such approval as may be directed by the Board and to borrow money upon the vote of the Board and to execute and deliver the Club's notes or other evidences of indebtedness therefore. He/she shall keep all funds, except for reasonable petty cash funds under the control of responsible individuals, in bank accounts in the name of the Club, shall prepare monthly double-entry books of accounts of the Club and shall provide monthly financial statements to the Board and whenever requested to do so by the Board. He/she shall provide for an annual audit under the terms and conditions set by the Board. He/she may be required to give bond for the faithful performance of his duties if the Board may so require in such form and in such sum and with such sureties as the Board may determine, said Bond to be paid for by the Club. He/she shall have custody of all financial records and related documents of the Club, provided, however, that in the event a bond is required of the Treasurer by the Board, such bond shall be kept by the Secretary.

7.03.02 The Treasurer shall not be compensated for serving as Treasurer. All reasonable, necessary and documented expenses incurred by the Treasurer in carrying out the duties of his/her office shall be reimbursed by the Club.

7.03.03 In case of absence of or disability of the Treasurer, the Board may appoint a temporary replacement.

7.04 Past President. The immediate Past President of the Club shall, upon retiring from his/her term as a Board member, serve as an ex-officio member of the Board until such time as a successor President replaces him/her in the ex-officio capacity. As such ex-officio member, he/she may participate in all deliberations of the Board, but shall not vote nor exercise any official executive authority.

7.05 Board Of Directors. The Board shall control and manage all affairs, property and expenditures of the Club and may exercise all the powers of the Club except as are expressly reserved to the shareholders by law or by these Bylaws. These powers include, without limitation, the right to appoint Club representatives to any Committee or Board requiring such representation. The members of the Board shall serve without compensation.
[Amended November 8, 2003]

7.06 Incapacity. In the case of the absence or disability of the Secretary or Treasurer, the President is empowered to appoint any suitable member to fulfill the responsibilities and term of those offices, pending approval of the Board.

7.07 Bond. The Board may require that any one or more officers, members of the Board or other Club employees be bonded in the amounts determined by the Board. The cost thereof shall be paid by the Club unless otherwise agreed between the Club and any employees.

7.08 General Manager. The Board is herein authorized to employ a general manager at its discretion. The general manager or whomever has been assigned such responsibility shall manage the affairs and direct the work of the Club, and hire, supervise, evaluate and discharge all other Club employees, subject to, and in accordance with, the direction of the Board. The President will exercise supervisory authority over the general manager. The general manager shall prepare budgets of revenue and expenses for approval by the Board, and shall be authorized to incur expenses in accordance with the approved budgets, or as directed by the Board. He/she shall attend all meetings of the Board and Executive Committee. He/she shall make reports on the work and the affairs of the Club to the President, Board and at the annual meeting as requested by the President.

ARTICLE VIII

MEETINGS OF THE BOARD OF DIRECTORS

8.0 Meetings. The Board shall meet at least two (2) times during the period of May 1 through October 31 and two (2) times during the period of November 1 through April 30. Meetings of the Board may be held at such places within the State of Delaware as may be designated by the President. Any three (3) members of the Board may require, in writing, the President to call a special meeting at any time. All other special meetings of the Board shall be called by order of the President. Meetings may be held by telephone conference call or in person or by a combination of the foregoing. Minutes of all meetings shall be available in the business office during regular office hours.

8.01 Notices. Notice of all regular and special meetings of the Board shall be given by the Secretary to each member of the Board as hereinafter provided, except when notice is waived. Notices may be given in writing, by telegram or by telefacsimile. Notices mailed to a member of the Board via prepaid first class mail at his usual or last known place of business or residence or otherwise given to a member of the Board at least three (3) calendar days before the time of the meeting shall be sufficient notice in any event. Any meeting shall be legal without notice when all members of the Board of Directors are present or waive notice either before or after the meeting by a writing filed with the records of the meeting.

8.02 Consent In Lieu Of Meeting. Any action that may be taken at a meeting of the Board may be taken without a meeting if written consent setting forth the action is signed by all Directors and is filed with the Secretary. Such consent shall have the same effect as a unanimous vote at a meeting of the Board.

8.03 Quorum. A majority of the Board shall be necessary at any meeting to constitute a quorum for the transaction of business, but less than a quorum may vote to adjourn. All decisions of the Board shall be by a majority of the members present at a meeting at which a quorum is present except where otherwise provided.

8.04 Dissent. Any Directors present at a meeting of the Board shall be presumed to have assented to any action taken at such meeting unless his dissent is entered in the minutes of the meeting or unless he files his written dissent to such action with the person acting as Secretary of the meeting at the meeting or immediately after the adjournment thereof. Such right to dissent shall not be available to a Board member who voted in favor of such action.

8.05 Vacancies. Vacancies on the Board shall be filled by the Board for the unexpired portion of the term of office. A person appointed by the Board to fill a vacancy on the Board may not be appointed to fill another vacancy on the Board prior to the expiration of the first term to which he was appointed.

ARTICLE IX

COMMITTEES

9.0 Committees. The President with the approval of the Board shall appoint the following Committees for conducting the affairs of the Club, each of which shall include the President and the immediate past President as ex-officio members. The Board may combine two or more committees, create new committees, and change the duties of committees as reasonably required by the needs of the Club. Any full-time employee of the Club assigned to a committee shall not have a vote.

9.01 Executive Committee. The Executive Committee shall be composed of the President, Vice President, Secretary, Treasurer and Immediate Past President. The Executive Committee shall act on behalf of the Board pending ratification of actions by the Board.

9.02 Nominating Committee. This Committee shall consist of at least seven (7) shareholder or non-equity members, selected by the President, as follows: no fewer than two (2) nor more than three (3) members of the Board and the remainder being shareholder or non-equity members of the Club. This Committee shall present not fewer than one (1) more nominee than there are vacancies to be voted upon at the annual meeting of shareholders members. The report of the Nominating Committee shall be presented to the Board. The Board shall vote on each nominee separately. A simple majority vote of those present and voting is required to approve each candidate. Incumbent nominees shall be excused when a vote is taken on their candidacy. Successful candidates shall be presented to the next Annual Meeting for election by the Members. Voting at the Annual Meeting for the members of the Board shall be by paper ballot. Such ballots shall be distributed both with the Notice of the Annual Meeting and at such meeting, with instructions to vote only for the number of candidates as there are vacancies on the Board. Those nominees receiving the higher number of votes shall be declared elected. The Board shall return its approved list of candidates to the Secretary in time to enable him/her to publish and post it, as provided in 9.03.01, at least sixty (60) days prior to the annual meeting. [Amended November 8, 2003] [Amended April 3, 2004]

9.02.01 Such proposed list of nominations shall also be posted on the Club bulletin board and published in the "Cripple Creek Chronicle", or, in the alternative, shall be mailed to each shareholder member. [Amended April 12, 1997]

9.02.02 The Nominating Committee may not nominate its own members as candidates for election.

9.02.03 To encourage as wide a nomination process as possible, during the period May 1 – June 1 of any given year, any member may nominate a candidate to the Nominating Committee to fill a vacancy on the Board of Directors. The Nominating Committee shall select and recommend a slate to the Board of Directors for approval by the Board of Directors prior to the annual meeting, and allowing for

a posting to the general membership at least sixty (60) days prior to the annual meeting. [Amended September 14, 2002]

After the written report of the Board is published or mailed to the shareholder and non-equity members and posted on the Club bulletin board, further nominations may be made by petition of shareholder and non-equity members, addressed to the Secretary, containing the signatures of twenty-five (25) or more shareholder or non-equity members and requesting that a particular member or members therein named, not more than there are vacancies, be nominated in addition to the nominations previously made. Such petition or petitions must be received by the Secretary at least thirty-five (35) days before the day of the annual meeting and must contain the written consent of each nominee named. Such nominations shall be posted on the Club bulletin board and included on the ballot. [Amended April 12, 1997] [Amended April 3, 2004]

9.02.04 The above provisions are the only means by which a nomination for the Board can be made.

9.03 Greens And Grounds Committee. This Committee shall consist of at least five (5) shareholder or non-equity members, of whom no more than two (2) shall be members of the Board. This Committee shall have charge and control of the grounds and all Club property, other than buildings and employees who are under the jurisdiction of the House Committee or the Golf Committee. It shall perform such other duties as shall be delegated to it by the Board. It shall be chaired by a member of the Board. [Amended April 12, 1997]

9.04 House Committee. This Committee shall consist of at least five (5) shareholder or non-equity members, of whom no more than two (2) shall be members of the Board. The House Committee shall have charge and control of the Clubhouse, its contents, the property and employees; provided, however, the golf course, golf shop and the employees directly connected therewith shall be under the charge and control of the Golf Committee. It shall perform such other duties as shall be delegated to it by the Board. It shall be chaired by a member of the Board. [Amended April 12, 1997] [Amended April 3, 2004]

9.05 Membership Committee. This Committee shall consist of at least five (5) shareholder or non-equity members, of whom no more than two (2) shall be members of the Board. It shall pass on the qualifications of all candidates for membership and shall present such names to the Board with its recommendations. It shall be active in securing such members as may be requested by the Board for the best interests of the Club. It shall be chaired by a member of the Board. [Amended April 12, 1997] [Amended April 3, 2004]

9.06 Finance Committee. This Committee shall consist of at least five (5) shareholder or non-equity members, of whom no more than two (2) shall be members of the Board. It shall be the duty of the Finance Committee to advise the Treasurer on the finances of the Club, to prepare budgets and to review the financial condition of the Club for the Board. It shall be chaired by the Treasurer. [Amended April 12, 1997] [Amended April 3, 2004]

9.07 Golf Committee. This Committee shall consist of at least five (5) shareholder or non-equity members, of whom no more than two (2) shall be members of the Board, all of whom shall have charge of all matters pertaining to the play of golf. It shall be chaired by a member of the Board. [Amended April 12, 1997] [Amended April 3, 2004]

ARTICLE X

MEETINGS OF THE MEMBERS

10.0 Annual Meeting. The annual meeting of the members shall be held during the second quarter of each fiscal year at the Club. If for any reason the annual meeting shall not be held as herein provided, the President shall order a special meeting of the members to be called in the next quarter of the fiscal year in lieu of and for the purposes of the annual meeting.

At the annual meeting the order of business shall be:

1. Reading of minutes of last meeting of members.
2. Reports of officers and committees.
3. Election of Board.
4. Any further business.

10.01 Special Meetings. Special meetings of the members shall be called by the Secretary if ordered to do so by the President, a majority of the Board or upon the written request of twenty percent (20%) or more of the members entitled to vote.

10.02 Notice. Except when notice is waived as hereinafter provided, written or printed notice of the annual meeting of members shall be sent by the Secretary to all shareholder and non-equity members by mailing the same prepaid first class mail at least thirty (30) days prior to such annual meeting, and written or printed notice of any special meeting of members shall be sent by the Secretary to all shareholder and non-equity members by mailing the same prepaid first class mail at least fifteen (15) days prior to such special meeting addressed to shareholder and non-equity members at their respective addresses as recorded upon the books of the Club. Such notice shall state the place, day and hour of the meeting, the purpose or purposes for which it is called, and shall include a ballot on which to vote for the nominees to the Board. No notice of any regular or special meeting of the members is required if ninety percent (90%) or more of all shareholders and non-equity file with the records of the meeting written waivers of such notice. In the absence or disability of the Secretary, notice as provided for in this

Article may be sent out by any such officer as may be designated by the Board. [Amended November 8, 2003] [Amended April 3, 2004]

10.03 Proxies. At every meeting of the members, any member having the right to vote shall be entitled to vote in person or by written proxy; provided, however, the proxy must be given in writing to either the spouse of such member or another shareholder or non-equity member. Such spouse or shareholder or non-equity member must attend the meeting in person to be entitled to vote. No shareholder or non-equity member other than the Secretary shall be entitled to vote more than one proxy on behalf of another voting member.

10.04 Quorum. Shareholder and non-equity members owning at least thirty-three and one-third percent (33 1/3%) of the members entitled to vote as set forth in Section 10.05 shall constitute a quorum at any meeting of members. If there is less than a quorum at a meeting, a majority of the members represented may vote to adjourn indefinitely or may vote to adjourn from time to time and without giving further notice of the adjournment than the announcement at the meeting when the vote of adjournment was taken. Any business may be transacted at a reconvened meeting at which a quorum is present, which might have been transacted at the meeting originally called. [Amended April 12, 1997] [Amended April 3, 2004]

10.05 Voting. Each shareholder or non-equity membership shall have one (1) vote. The vote of a majority of the members represented in person or by proxy at any duly-noticed meeting of the members at which a quorum of members is present in person or by proxy is required for action at such meeting. Members who are in arrears, as defined in Section 4.10, in the payment of any initiation fee, stock purchase price, assessments, annual dues, fees or other charges shall not be counted as voting members and shall not be permitted to vote. [Amended April 3, 2004]

ARTICLE XI

STOCK

11.0 Voting Shares. There are authorized five hundred (500) shares of no par common voting stock, which constitute the only authorized stock of the Club. Shares shall be fully paid and non-assessable except as provided in Section 5.03. Until May, 2004, one share of voting stock shall be issued to each shareholder member accepted by the Club upon payment of the then prevailing initiation fees and/or stock purchase price and upon payment of annual dues. From and after May 1, 2004, all new members will be non-equity members with all rights as shareholder members except for the right to sell their stock in the Club, of which such member shall have none. If an owner of a Fairway Villas townhouse or Fairway Villas lot declines to present himself for membership or, upon presenting himself for membership is accepted, but declines or fails to pay dues, no voting rights or privileges in the Club shall extend to such person. [Amended April 3, 2004]

11.01 Limit On Shares Voting Memberships. No individual shall be entitled to hold more than one (1) voting share of stock in the Club. [Amended April 12, 1997]

11.01.01 Where stock is held by two individuals as tenants by the entirety or by two or more individuals as joint tenants with right of survivorship, one individual shall be identified as the member for purposes of voting. [Amended April 12, 1997]

11.01.02 Where individuals or entities own more than one share of stock, only one vote may be exercised.

11.02 Marriage By Shareholders or Non-Equity Members . If two (2) unmarried shareholder or non-equity members who do not own a Fairway Villas townhouse and/or Fairway Villas lot marry, they may retain both memberships, one (1) in each name; or one (1) of them may transfer his membership to his adult child accepted for membership by the Membership Committee and the Board with no payment of a transfer fee; or, if they are shareholder members, one (1) of them may offer one (1) of the two (2) memberships for resale through the Club, which shall sell such membership and remit the remaining proceeds after the applicable transfer fee to the selling shareholder member pursuant to Section 11.04. [Amended April 3, 2004]

11.03 The Purchase Of Fairway Villas Townhouses Or Fairway Villas Lots. An original purchaser of a Fairway Villas townhouse or a Fairway Villas lot, as a prerequisite of purchasing such Fairway Villas townhouse or Fairway Villas lot, shall be eligible for consideration to become a shareholder member but no other class of member and shall pay the prevailing initiation fee and/or stock purchase price as set forth by the Board. All such purchasers are subject to acceptance by the Membership Committee and the Board pursuant to Section 3.12.05, which acceptance shall not be unreasonably withheld.

11.03.01 It is the intent of the Club that a person who builds a dwelling on more than one (1) Fairway Villas lot or combines two (2) or more Fairway Villas townhouses, with no possibility of resale or resubdivision of part of a lot or lots, or townhouses, shall only own one membership. In such event the owner of the lots or townhouses may offer for resale the additional membership(s) pursuant to Section 11.04.

11.03.02 A Fairway Villas lot or Fairway Villas townhouse purchaser who does not wish to activate his/her membership opportunity may allow such membership opportunity to lie dormant until he/she decides to revive the membership, making himself available for consideration for active membership and by the payment of prorated current annual dues, which he may do at any time. Consideration for membership runs with the townhouse or lot; consequently, a subsequent owner of the townhouse or lot can revive or continue the membership, as the case may be, by appropriate review and approval by the Board pursuant to Section 3.08.07 and by payment of prorated annual dues. During the time a townhouse owner or lot owner allows his membership to lie dormant, if there is a waiting list for membership, the Club may sell a shareholder membership to then bring the total membership up to the

authorized number. Upon revival of interest in a membership by a townhouse owner or lot owner or upon resale of the townhouse or lot to a purchaser who wishes to be considered for the membership, the Club, if necessary, and on approval of the Membership Committee and the Board, shall allow such purchaser to immediately become a member upon the payment of ratably prorated dues and will discontinue the award of memberships until the number of active members is less than the authorized number of memberships. [Amended April 3, 2004]

11.03.03 If the owner of a Fairway Villas townhouse or Fairway Villas lot sells his townhouse or lot and wishes to remain a member, such seller may remain a member, without having his name placed on a waiting list, by paying to the Club the then-prevailing initiation fee and/or stock purchase price. There shall be no credit to the seller for his initiation fee or stock purchase price paid upon his purchase of the townhouse or lot. (See Section 11.04 and 11.09 for resale provisions.) If a member purchases a Fairway Villas townhouse or Fairway Villas lot and both the purchaser and seller wish to remain members without the sale of a membership pursuant to Section 11.04 or 11.09, the purchaser and the seller may, upon joint written application to the Club, exchange their memberships so that the purchaser shall become a member in accordance with the provisions of this Article as they pertain to owners of Fairway Villas townhouses and Fairway Villas lots and the seller shall then own the membership previously owned by the purchaser. There shall be no transfer fee imposed on either part of such exchange. [Amended September 30, 1995; April 12, 1997] [Amended April 3, 2004] [Amended April 3, 2004]

11.03.04 The purchaser of a resold Fairway Villas townhouse or Fairway Villas lot shall be eligible for immediate consideration for membership, pursuant to Section 3.08.07, which shall not be unreasonably withheld. If approval is granted, he shall become a member without the payment of any special fee other than any dues, which may be required. The unused portion of dues paid by a seller of a townhouse or lot shall accrue to the benefit of the purchaser of such townhouse or lot, and such seller and purchaser shall settle such prorations between themselves. Any purchaser of a resold townhouse or lot may elect to have the membership associated with the townhouse or lot lie dormant without the payment of dues, as previously set forth. If the seller does not wish to remain a member, there also shall be no credit to him for his initiation fee and/or stock purchase price, if any, paid upon the purchase of the townhouse or lot. [Amended April 3, 2004]

11.04 Resale Through Club Except as hereafter provided in Section 11.09. No share of voting stock may be sold by a shareholder member, his estate or his creditors, except through the Club as herein provided. No share of voting stock may be disposed of by gift except as set forth in Sections 11.05 and 11.06. Any shareholder member who desires to sell his membership shall deliver his share of stock to the Club Secretary with instructions to sell the share of stock. [Amended April 3, 2004]

11.04.01 The Club will resell shareholder memberships in the order received from shareholder members. After the Club sells two (2) shareholder memberships, not to include transfer of memberships of owners of Fairway Villas townhouses or Fairway Villas lots or homes, it shall then make payment to the next selling shareholder member in line, the intent of this provision being to establish a two (2) for one (1) redemption rate, i.e., a selling shareholder member will be redeemed upon the sale by the Club of two (2) new memberships. Upon collection of the sales proceeds (the initiation fee) from a second new member, the Club shall remit 80 % of \$12,500 to the selling shareholder member who initially acquired his stock prior to May 1, 1997. The Club shall remit to a selling shareholder member who initially acquires his stock on or after May 1, 1997, and before May 1, 2002, fifty percent (50%) of \$12,500, and the Club shall retain the remaining balance. The Club shall remit to a selling shareholder member who initially acquires his stock after May 1, 2002, and before May 1, 2004, thirty percent (30%) of \$12,500, and the Club shall retain the remaining balance. [Amended November 3, 2001] [Amended April 3, 2004]

11.04.02 Limitations. For purposes of this Section 11.04, any transfer between a shareholder member and spouse or immediate past spouse, either while living or upon death of the member, shall not be subject to any transfer fee as pursuant to Section 11.05 and Section 11.07. Any transfer between a shareholder member and his child shall be exempted from the provisions of this Section 11.04 for one transfer pursuant to Section 11.06 and Section 11.07. [Amended April 12, 1997]

11.05 Transfer Between Spouses. Upon approval of the Membership Committee and the Board, a shareholder member may transfer his membership to his spouse or immediate past spouse without any transfer fee. [Amended April 12, 1997]

11.06 Transfer Within Family. A member who does not also own a Fairway Villas lot or Fairway Villas townhouse, upon application to and approval by the Membership Committee and the Board, and upon written authorization of the member's spouse, if any, may transfer the full membership to a natural or adopted son or daughter, along with the payment of the transfer fee of twenty percent (20%) of the then prevailing current initiation fee. Such transfer cannot be effected until the member has held such membership for five (5) years from adoption of these Bylaws or can document that he is physically incapable of playing golf at any level. [Amended April 12, 1997] [Amended April 3, 2004]

11.07 Transfer On Death.

11.07.01 Upon the death, of the member holding a shareholder, non-equity, social, intermediate, junior, contractor/developer or senior membership, unless the member's spouse notifies the Board in writing otherwise, such spouse, upon approval of the Membership Committee and the Board, shall accede to the membership of the deceased spouse. [Amended April 3, 2004]

11.07.02 The surviving spouse of a member may, within one hundred eighty (180) days of the death of the member, transfer the membership to a surviving adult child upon application and approval of the Membership Committee and the Board and the payment of the twenty percent (20%) transfer fee. [Amended April 3, 2004]

11.07.03 If a surviving spouse who assumes the membership remarries, the new spouse, on application and approval of the Membership Committee and the Board, will be entered in the records and extended full privileges accorded a spouse. [Amended April 3, 2004]

11.07.04 Except as may otherwise be provided in Section 11.07.01, upon the death of a member, the membership may be passed by will, trust or intestacy to only one (1) adult child (as defined in Section 3.01) of the deceased member, subject to acceptance of the child by the Membership Committee and the Board, which acceptance shall not be unreasonably withheld, and further subject to the payment of the transfer fee equal to twenty percent (20%) of the then prevailing initiation fee. Said transfer fee must be paid within three (3) months of the death of the deceased member or the membership shall be considered as having been offered to the Club for sale by the estate of the deceased member. Upon written application by any child of the deceased member prior to the expiration of the above three (3) month period, reasonable extensions of this three (3) month period may be granted by the Board not to exceed a total period of nine (9) months. Any annual dues paid in advance by a deceased member shall not be refunded to his estate in any event but will be credited to the annual dues of his child if the child elects to acquire the deceased parent's membership. Any annual dues or fees in arrears of a deceased member at the time of death of such member must be paid in full by an inheriting child, as well as the child's annual dues, prior to enjoyment of privileges of the Club. [Amended April 3, 2004]

11.08 Transfer Upon Divorce Or Annulment. In the event a husband and wife divorce or a marriage is annulled, if a membership is held as joint tenants with right of survivorship or as tenants by the entirety, only one (1) may retain the membership. Absent a final, non-appeal able court order or a written separation agreement to the contrary, the husband shall be treated as the member and shall become responsible for all dues and expenses. The former spouse who was not a member or who is considered not to be the member may make himself available for membership in the same manner as other nonmembers. Pending acceptance of such information by the Membership Committee and Board, the Club may extend temporary privileges to such person. [Amended April 3, 2004]

11.09 Transfer by Member. Between May 1, 2004 and December 31, 2004, a shareholder member who had presented the Club with a letter of resignation prior to December 31, 2003, may sell his membership to a third party. The price shall be negotiated between the selling shareholder member and the third party. Although the sale is of a shareholder membership, the acquiring third party will acquire a non-equity membership. Such third party will pay the Club a \$2,000 transfer fee, and must make application for membership through normal channels before being admitted to membership. Any such application shall not be unreasonably denied. [Amended April 3, 2004]

ARTICLE XII MISCELLANEOUS

12.0 Spouses. Except as specifically indicated otherwise, a spouse of a member shall have all the rights, privileges and obligations of the member including but not limited to election to the Board and serving on committees.

12.01 Guests. The privileges of the Clubhouse and grounds may be extended to guests of members under regulations prescribed by the Board.

12.02 Fiscal Year. The fiscal year of the Club shall begin on the 1st day of May and terminate on the 30th day of April.

12.03 Method of Accounting. The Club shall utilize the accrual method of accounting for both tax purposes and reporting purposes.

12.04 Gender. The use of the masculine gender herein shall be deemed to include the feminine and neuter genders and the use of the singular shall include the plural and vice-versa whenever applicable.

ARTICLE XIII AMENDMENTS

13.0 Except as otherwise provided herein, the Bylaws may be amended at any regular or special meeting of the membership providing written notice is given at least thirty (30) days prior to the regular or special meeting at which the vote is taken. A majority vote of a quorum of members present and voting in person or by proxy shall be sufficient to make changes herein.

ARTICLE XIV
INTERPRETATION

14.0 The interpretation of these Bylaws shall rest with the Board unless and until superseded by a vote of the membership by a two-thirds (2/3) majority vote of a quorum of members present in person or by proxy at a regular or special membership meeting.

ARTICLE XV
LIQUIDATION

15.0 Upon dissolution of the Club and following satisfaction or discharge of all Club liabilities the remaining assets shall be distributed equally among the shareholder and non-equity members, on a pro-rata basis. No class or category of members other than shareholder and non-equity members shall receive any assets upon liquidation. [Amended April 3, 2004]

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