

CHATMOSS COUNTRY CLUB, INC.

BYLAWS

Amended and Restated July 20, 2010

CHATMOSS COUNTRY CLUB, INC.
BYLAWS

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**ARTICLE I
ORGANIZATION AND OBJECT**

SECTION 1. Name.

1. The name of the corporation shall be the “Chatmoss Country Club, Inc.,” and for designation purposes, Chatmoss Country Club, Inc. is referred to in these Bylaws as the “Club.”

SECTION 2. Object.

1. The purpose for which the Club is formed is not to make profit but to own, establish, maintain and operate a social organization with club house, golf course, tennis courts, sports complex, swimming pool and other recreational facilities as from time to time may be determined to be necessary and expedient by the Board of Governors of the Club.

SECTION 3. Location.

1. The office of the Club shall be located at the site of the clubhouse in Henry County, Virginia. Nothing contained in these Bylaws shall prevent the holding of meetings or transactions of any business pertinent to the Club at some other location approved by the Board of Governors. The Board of Governors shall have the full right and authority to hold meetings or transact business at places designated by the Board of Governors other than the clubhouse.

SECTION 4. Seal.

1. The corporate seal shall be circular in form and shall have inscribed thereon in the outer circle the words, “Chatmoss Country Club, Inc.” and in the inner circle, the words, “Corporate Seal 1958.”

SECTION 5. Fiscal Year.

1. The fiscal year of the Club shall be identical with the calendar year.

**ARTICLE II
BOARD OF GOVERNORS**

SECTION 1. Organization.

1. The overall management, direction and supervision of the Club, its affairs, properties and assets shall be, and are, vested in a Board of Governors, consisting of twelve (12) members of the Club, elected as provided in Article V, Section 2, subject to the mandates of the

voting members at their annual meeting, or any special meeting, called for the purpose of acting upon the affairs of the Club.

2. For designation purposes, the Board of Governors will hereinafter be referred to as the "Board."

SECTION 2. Powers.

1. If a quorum is present, all decisions of the Board shall be by majority vote of the Governors present except where otherwise provided.

2. In addition to any and all powers conferred upon the Board by the Articles of Incorporation of the Club, these Bylaws and applicable law, and without in any manner or degree abrogating, limiting or modifying any such powers, grant to the Board the following authority:

a. To set forth the terms and conditions upon which a person may be accepted to membership, and to examine and adjudge the qualification of each applicant for membership, being hereby granted full and final authority to accept or reject any such membership application in accordance with these Bylaws.

b. To hear and determine charges made against any member, full and final authority being hereby granted to reprimand, to suspend and to expel any member in accordance with these Bylaws. A member may be privately disciplined for cause, but public reprimand, suspension or expulsion (except as set forth in Article VII, Section 3) shall require the affirmative vote of nine (9) of the twelve (12) Governors.

c. To annually elect from its members a president, vice-president, secretary, treasurer and assistant treasurer and such other officers as the Board may deem appropriate. The election of such officers shall take place at the first meeting of the Board after the annual meeting of the membership of the Club each year.

d. Upon recommendation by the president, to confirm a nominating committee to select and recommend names of members to be posted as nominees for Governors.

e. To authorize the president to appoint chairmen of such standing and other committees as in the president's judgment are necessary for the proper management of the Club and to define and delegate the duties and powers of such committees, and through a finance committee, to establish an annual budget for each committee.

f. To determine initiation fees and annual dues and membership assessments, as well as any other fees and charges pertinent to the operation of the Club.

g. To make, alter or amend Club rules and provide penalties and sanctions for infractions of rules and Bylaws, as prescribed in Article VIII.

h. To make or authorize the purchase of services, materials or supplies, to contract for whatever may be reasonably required in the operation and maintenance of the Club,

and to make such alterations and improvements in the property of the Club and in the Club facilities, where such action in the Board's discretion is necessary or expedient.

i. To remove a Governor from the Board for cause. Without limiting the power of the Board to remove a Governor, the absence of a Governor from four (4) consecutive meetings, unless excused by the Board or president, shall be considered sufficient cause for removal.

j. To choose a successor to fill the unexpired term of any member of the Board who, for any reason, leaves or vacates office.

k. To direct the president to call special meetings of the Club in accordance with these Bylaws.

l. To employ at any time one or more Certified Public Accountants, not necessarily members of the Club, to audit or examine, at the Board's discretion, the books of the Club or of any Club-related books or records of any officer or employee, committee or agent thereof.

m. To elect a presiding officer in the event that both the president and vice-president offices are vacant.

n. To employ and terminate such persons, full-time or part-time, as the Board may deem necessary to provide for the proper operation and maintenance of the Club generally and all its facilities, including, but not limited to, a general manager, golf professional, golf course superintendent and tennis professional, and any and all other key persons deemed necessary and appropriate to the proper operation and maintenance of the Club.

o. To annually approve a budget for the maintenance and operation of the Club and all of its activities and facilities, and to exercise the power of comptroller in making adjustments or transfers of funds from one budget category or item to another, as the needs shall arise upon the recommendation of the finance committee.

p. If the Board approves or undertakes any capital project having a current projected net cost to the Club in excess of \$250,000, the Board shall not proceed with such project without first submitting the same to a vote of the membership wherein the membership shall have the right to veto the proposed action of the Board if, at a special or regular meeting of the membership wherein such matter is presented to the membership, a majority of the members entitled to vote on such question shall vote against such project. The members entitled to vote on such a project shall be any member in good standing. The required vote to veto the action of the Board shall be a majority which is defined as over fifty percent (50%) of the membership.

ARTICLE III OFFICERS

SECTION 1. Titles.

1. The officers of the Club shall be a president, a vice-president, a secretary, a treasurer and an assistant treasurer, elected as provided herein for terms as set forth in Article V, Section 3.
2. One person may hold two offices in the discretion of the Board if the duties thereof are not incompatible. The president, however, may not act as treasurer or assistant treasurer.
3. Any vacancy in office shall be filled by appointment by the Board for the unexpired term.

SECTION 2. Duties of the President.

1. The president shall be the chief executive officer of the Club, performing any and all legal duties under the Articles of Incorporation, the Bylaws and the duties incident to the corporate office of the president.
2. The president shall preside at all meetings of the Club and of the Board until a new president is elected and shall remain an ex officio member of the Board for two (2) years thereafter.
3. The president shall call special meetings of the members of the Club as provided by these Bylaws.
4. The president shall enforce all rules and regulations of the Club and shall, with the approval of the Board, have the right to appoint or employ all officers and employees not otherwise provided herein.
5. The president, with the approval of the Board, shall appoint all committee chairpersons. He shall be an ex officio member of all such committees.
6. The president shall make an annual report to the Governors and to the members. The president's annual report to the membership shall suffice as the annual report to the Board unless the Board shall specifically direct a separate report to the Board.
7. The president, together with the secretary, in his or her capacity as the chief executive officer of the Club shall sign all written contracts, obligations and instruments of the Club.
8. The president shall perform all other duties as may be required of him and delegated to him.

SECTION 3. Duties of Vice-President.

1. In the absence of the president, the vice-president shall perform all of those duties set forth in Section 2 above. "Absence of the president" means that the president is, because of illness or travel or for any other such reason, unable to be contacted or located and the proper functioning of the Club requires that any of the duties set forth in Section 2 above be exercised. If the office of the president becomes vacant, the vice-president shall hold the office of president until the next annual Board meeting.

2. The vice-president shall be the president-elect and shall succeed to the office of president upon the retirement of the existing president from that office, subject to the vote of the Board.

SECTION 4. Duties of Secretary.

1. The secretary shall perform any and all legal duties under the Articles of Incorporation, these Bylaws and such duties as are naturally and inherently incident to the corporate office of secretary.

2. The secretary shall be the custodian of the corporate seal and shall affix it to all such written documents as required, and shall sign or countersign all such instruments as may require a signature as a corporate office of the Club.

3. The secretary shall conduct or cause to be conducted all official correspondence of the Club and shall see that such correspondence is properly preserved and filed until otherwise disposed of by the Board.

4. The secretary shall issue, or cause to be issued, all notices of all meetings of members or Governors and shall keep the minutes and records thereof.

5. The secretary shall keep, or cause to be kept, accurate records of all resignations of members or officers and all membership forfeitures, suspensions and expulsions together with accurate listings of all members, names, home and business addresses and telephone numbers, as well as the date when each was elected to membership. The secretary shall notify, or cause to be notified, in writing each applicant elected of his or her election to membership. The secretary shall maintain the stock record book, shall issue all stock certificates, and record all transactions involving stock repurchase or transfer. The secretary shall maintain records of all minutes of membership and Board meetings.

6. The secretary shall be responsible for posting all Club notices in whatever place on the Club premises may be designated by the Board.

7. The secretary shall perform all other duties which may be designated by the Board.

SECTION 5. Duties of Treasurer and Assistant Treasurer.

1. The treasurer shall perform any and all legal duties under the Articles of Incorporation, these Bylaws and those duties naturally and inherently incident to the corporate office of treasurer.

2. The treasurer shall be the custodian of all Club funds and shall collect, or cause to be collected, fees and dues from members as required by the Bylaws as set by the Board and shall, by letter or otherwise, regularly advise delinquents of their unpaid indebtedness and to report to the Board, or cause to be reported to the Board, the status of delinquent accounts. The treasurer shall see that all funds are deposited in depository accounts designated by the Board.

3. The treasurer shall disburse the Club funds as authorized by the Board and shall keep, or cause to be kept, proper vouchers of all sums disbursed, keeping complete and regular accounts in accordance with a system satisfactory to the Board, which system shall be maintained and kept in accordance with standard accounting procedures.

4. The treasurer shall, upon request of the Board, submit to the Board, complete information relating to the financial condition of the Club.

5. At the annual meeting of members, the treasurer shall submit a complete and comprehensive statement of the Club's financial affairs and condition, properly compiled by a Certified Public Accountant employed by the Board.

6. The treasurer shall perform all other such duties as may be properly assigned to the treasurer by the Board.

7. The assistant treasurer shall provide assistance to the treasurer as requested from time to time and shall familiarize himself or herself with the duties of the treasurer in order to facilitate an orderly transition to the office of treasurer.

SECTION 6. General Manager.

1. The Board may employ a general manager under such terms and conditions as it deems necessary or appropriate. The general manager shall possess such powers and duties as may be delegated from time to time by the Board. Subject in all instances to the control of the Board, the general manager shall supervise the day-to-day operations of the Club and its staff, and shall have the authority to hire and terminate employees, with the exception of those employees who are retained under written contracts of employment.

SECTION 7. Compensation.

1. Members of the Board and officers of the Club shall serve without compensation. The Board shall be authorized to compensate officers or Governors for services rendered the Club when such services are not rendered in the ordinary course of office or Board membership, but in all such cases, the specific amount of compensation shall be approved by two-thirds (2/3rds) of the membership of the Board.

ARTICLE IV COMMITTEES

SECTION 1. Formation and General Rules.

1. With the exception of the executive committee and finance committee, standing committees and other committees shall be appointed by the president subject to approval of the Board, except as otherwise provided. If, in the opinion of the president, when circumstances so warrant, the president may appoint ex-officio, non-voting members to any committee from time to time for the purpose of acting in an advisory capacity and attending meetings of the committee, as needed.

2. Vacancies in committees shall be filled by appointment by the chairperson of the committee in consultation with the president.

3. Each committee shall be composed of as many members as the chairperson, in consultation with the president, shall determine. Committee appointments shall be for such period of time as determined by the chairman in consultation with the president.

4. The chairperson of each committee shall be responsible to see that the Board is provided a written set of rules for Club members and guests of Club members with respect to the specific activity for which each such committee has responsibility, and with respect to the committee's own operation and functioning. The Board shall consider such committee rules at the next regular Board meeting following submission of such rules, and such rules shall be either approved as submitted at such meeting or with such changes as the Board shall deem necessary and appropriate. After the committee rules have been approved by the Board, it shall be the responsibility of the general manager and the committee to insure the implementation and enforcement of such rules.

5. No committee shall spend any money or incur any obligation for the Club except in accordance with the annual budget or in accordance with specific Board authorization. Those committees such as golf and tennis, which have in existence special accounts with Board approval, shall be authorized to continue the existence of the same, provided that the expenditures met and paid therewith shall be those incurred in the ordinary and contemplated course of such committees functioning while engaging in events, functions or activities approved by the Board.

6. All committees shall report on their activities to the Board whenever requested and are at all times under the direct supervision and control of the Board, having only such authority as is specifically defined herein and as may be delegated to them by the Board.

SECTION 2. Standing Committees.

1. The standing committees shall be as follows: executive committee, finance committee, house committee, green and grounds committee, golf tournament committee, tennis and sports complex committee, swimming pool committee, safety and inspection committee, Bylaws committee, membership committee and the youth committee.

SECTION 3. Duties and Responsibilities of Committees.

1. Executive Committee. The executive committee shall be comprised of the president, vice president, secretary, treasurer and assistant treasurer. The executive committee shall have full supervisory charge of the Club's affairs and act for and on behalf of the Club in all matters between meetings of the Board and shall perform such other duties as may by provision of these Bylaws be conferred upon it or which may be hereafter conferred upon it by resolution of the Board.

2. Finance Committee. The finance committee shall have general supervision and responsibility of the financial affairs of the Club and shall formulate the financial policies of the Club with the approval of the Board. The members of the finance committee shall be the president, vice president, secretary, treasurer and assistant treasurer. Before the end of each calendar year, it shall prepare and present to the Board a proposed budget of expenditures for the ensuing year, recommending specific appropriations for each standing or other committee. It shall cooperate with the Board in formulating rules and regulations governing its own functions as a committee. The finance committee shall also supervise the overall insurance plan for the Club, taking into account the liability, casualty and workmen's compensation needs for all phases of operation of the Club and to insure that adequate and proper insurance is obtained and maintained.

3. House Committee. The house committee, in coordination with and in cooperation with the general manager, shall have general supervision and responsibility for the club house, locker rooms, and any and all field buildings where refreshments, articles or supplies are sold. The house committee shall not have responsibility for the sports complex which shall fall under the authority and jurisdiction of the tennis committee and approved by the Board. The house committee shall have the authority to supervise all purchases necessary and approved by the Board for the proper maintenance and operation of all buildings and facilities within its charge and jurisdiction. In cooperation with and in coordination with the general manager, it shall have general supervision of the conduct of all phases of the clubhouse including its rules, use of the facilities, and the conduct of employees. The maintenance and operation of the Cabana and its bathrooms shall be within the jurisdiction of the house committee. The house committee shall coordinate with the general manager and the swimming pool committee to insure that there are no gaps in responsibility and lapses in responsibility in keeping the Cabana, its environs and the bathhouses clean and orderly at all times. The house committee shall, in cooperation with and in coordination with the general manager, have general supervision and responsibility for recommending to the Board special entertainment events. If such events are approved, the committee shall, in cooperation with and in coordination with the general manager and any other committee chairperson whose committee might be affected by the event, plan, promote, advertise, supervise and coordinate the event within the budgetary restraints set by the Board. It shall be responsible for the attendance at all Club functions, seeing to it that members are notified of events and also that only those persons entitled to attend are admitted.

4. Green and Grounds Committee. The green and grounds committee, in cooperation with and in coordination with the general manager and golf course superintendent and golf professional, where appropriate, shall have general supervision and responsibility for

the golf course and maintenance and supervision of the golf course, equipment, pro shop, related services, Club grounds, parking lots, yards, walkways, tennis area (but not the inside thereof), and all ornamental areas. The green and grounds committee shall have jurisdiction of the Club's property within its purview including maintenance of and beautification of the exterior grounds, gardens, parking areas, golf course and Club environs. In cooperation with the golf course superintendent, this committee shall serve as a liaison between the Board and the individuals responsible for the overall supervision of the areas within its jurisdiction. The golf professional and the golf course superintendent shall report directly to the General Manager of the Club on a regular basis. Although the ultimate responsibility for hiring, disciplining, terminating and other contractual matters regarding the Club's employment of the foregoing personnel shall rest with the Board, said actions shall be undertaken only after consultation, coordination, and cooperation with the Golf Committee. As is the case with all committees, it shall formulate and propose rules and fees governing the use of the golf course and submit the same to the Board for its approval.

5. Golf Committee. The golf tournament committee, in cooperation with in coordination with the general manager and the golf professional, shall have general supervision and responsibility for all tournaments, exhibition matches and other special golf events, obtaining concurrence of the green and grounds committee and golf course superintendent in determining dates of any such events. It shall notify members as to such events, the dates for play and conditions pertaining thereto. Always keeping within its budgetary allowance established by the finance committee and approved by the Board, it shall have authority to employ, supervise or discharge temporary personnel as may be necessary for the promotion and performance of such special events and to purchase such additional articles or supplies as may be necessary for the operation and promotion and efficient conduct of such events. It shall have full charge of all publicity for such special events and shall select, purchase and award prizes at all times keeping within the budgetary constraints and allowances established for such events. This committee shall serve as liaison between the Board and the golf professional. The golf professional shall be ultimately fired or hired by the Board, but the same shall not be done or accomplished without consultation and coordination with the Golf Committee.

6. Tennis and Sports Complex Committee. The tennis and sports complex committee, in coordination with and in cooperation with the general manager, shall have general supervision and responsibility for the tennis courts and sports complex and, in keeping with the budgetary allowance established by the finance committee and approved by the Board, shall have the authority to supervise the purchase of all necessary articles and supplies. The tennis and sports complex committee shall arrange and conduct all tennis tournaments, exhibition matches and other special tennis events. As is the case with all committees, it shall formulate and propose rules and fees governing the use of the tennis courts and sports complex and submit the same to the Board for its approval. The hiring and firing of the tennis professional shall be the responsibility and shall come under the authority and jurisdiction of the Board. In the hiring and firing of any such professional, the Board shall consult with and coordinate with and cooperate with the tennis and sports complex committee.

7. Swimming Pool Committee. The swimming pool committee, in coordination with and in cooperation with the general manager, shall have general supervision and responsibility for the swimming pool and, keeping with the budgetary allowance established by the finance committee and approved by the Board, shall have the authority to supervise the

purchase of all necessary articles and supplies. The swimming pool committee shall arrange special swimming events, exhibitions or other swimming events and shall arrange for necessary publicity and notification of members and guests of such events. The swimming pool committee shall, in coordination with and in cooperation with the general manager, see to the proper winterization of the pool at the conclusion of the swimming year and the de-winterization and clean-up of the pool in preparation of opening for the swimming season. The swimming pool committee shall see that a full schedule of swimming lessons is offered to the membership and posted well enough in advance of such lessons to allow interested members to register themselves and their children for such events. The swimming pool committee shall coordinate with the general manager to insure that no gaps in responsibility exist concerning the cleanliness and maintenance of the swimming pool grounds, the Cabana and the bathrooms. As is the case with all standing committees, it shall cooperate with the Board in formulating rules and fees for the use of the pool by members and guests of members and for its own functioning as a committee and shall submit to the Board for the Board's approval such rules and fees sufficiently in advance of the opening of the pool to allow notification of the membership of the rules and fees concerning the use of the pool. The hiring and firing of the pool director, the lifeguards, and other key personnel of the swimming pool program shall rest with the final authority of the General Manager with the supervision of the Board. The Board shall not hire nor fire such personnel except in coordination with, consultation with, cooperation with and in conjunction with the swimming pool committee.

8. Membership Committee. The membership committee shall endeavor to obtain desirable prospective members and new applications whenever membership openings are available or foreseen to become available. With the Board's approval, it shall have the authority to publicize the advantages of Club membership in any manner deemed advisable and approved by the Board and to supervise the purchase of necessary advertising matter, application forms and other printed matter, within the budgetary allowance established by the finance committee and approved by the Board. It shall cooperate with the Board in formulating proper rules for receiving and passing on membership applications and for its own functioning as a committee.

9. Safety and Inspection Committee. The safety and inspection committee shall have, in cooperation with and in coordination with the general manager, the overall responsibility for monitoring and inspecting the Club and its facilities and equipment to insure that the facilities and equipment are being properly maintained and used in a safe and reasonable manner. The committee shall promptly report to the general manager and the Board any deviations from good safety and good housekeeping standards. The committee shall, from time to time, formulate rules and regulations for employees and members regarding the safe use of all Club owned facilities, equipment, and materials. The safety and inspection committee shall conduct such inspections as its chairperson shall deem advisable, but in no event, shall such inspections be less frequent than monthly, and the committee shall report to the Board its findings each month following its inspection. The safety and inspection committee shall report to the general manager and to the Board any violation of any of the rules and regulations established by any committee. The safety and inspection committee shall immediately report to the president of the Club and to the general manager any conditions which constitute any significant deviation from good and reasonable safety; maintenance and housekeeping standards, and the committee shall not wait until the regular meeting of the Board to report such conditions. Upon receiving a report from the safety and inspection committee or from any committee chairperson that a Club facility or a piece of equipment owned or used by the Club cannot be

used in reasonable safety, the general manager shall order the immediate cessation of the use of the particular facility or piece of equipment involved and shall immediately report to the president. The president and the club manager shall, acting within budgetary restraints, attempt to take such action as is necessary to restore to proper and safe use of the facility or piece of equipment in question.

10. Bylaws Committee. The Bylaws committee shall have authority to prepare the form of any amendments to the Bylaws requested by the Board and shall see that all amendments and changes in the Bylaws are kept up to date and repealed sections thereof noted in such a manner that the secretary and president will, at all times, have available and under separate cover a true and up-to-date copy of the Bylaws then in full force and effect. The Bylaws committee shall coordinate with the general manager for the designation of the location of the official set of Bylaws, so that it will be readily available to all officers, Board members, committee chairpersons, and other persons who may have the need and use of such Bylaws.

11. Youth Committee. The youth committee, in coordination with and in cooperation with the general manager, club professionals, and other committees where appropriate, shall have responsibility to formulate, schedule and oversee activities and events for the benefit of members' children and their guests under the age of eighteen years. It is this committee's responsibility to make sure that the youth and their parents are notified about events and given an opportunity to participate. The committee should have representatives from the youth themselves when possible. The committee shall provide activities for the youth that encourage them to use and support the Club. They shall also be responsible for seeing that all activities are well supervised and that the youth are behaving properly during any function. If a child is having trouble following the rules, he or she will be asked not to participate in the activity until they can behave. The youth committee shall recommend their events to the Board through the chairperson and only proceed with those that receive Board approval. The Board shall set the budgetary restraints for this committee.

ARTICLE V ELECTIONS AND STOCK

SECTION 1. Members; Classes of Stock.

1. Any person who may desire to become a member of the Club shall present, or cause to be presented, to the Board through the membership committee chairperson or such other person designated by the Board, an application for membership on the form approved and supplied by the membership committee. Such application for membership shall be signed by the applicant. In addition, such application shall include three (3) voting members of the Club, in good standing, as sponsors for such applicant and be accompanied by two (2) letters of recommendation, unless such requirements are waived by the Board. The persons sponsoring a new member must be a member in good standing in the Club. Any person applying for membership at Chatmoss Country Club shall be deemed to have authorized the Board to conduct a credit worthiness check on such person and a general background and character check on such person and shall be deemed to have agreed to pay any and all dues, membership assessments, charges, interest and other indebtednesses in a timely manner.

2. As soon as such application shall have been received, it shall be referred to the membership committee who will conduct such investigation as it deems appropriate to determine the applicant's qualifications for membership and report its findings to the secretary and president. It is not necessary that, in every case, such an investigation be made if the committee itself has knowledge of the individual or the sponsors of the individuals.

3. Every applicant approved by the membership committee shall be considered at the next meeting of the Board, or as soon thereafter as feasible. Each name shall be voted upon separately by ballot, and two (2) negative votes shall be sufficient to exclude any applicant. Such vote must be by secret, anonymous written ballot.

4. No applicant shall be considered for membership until he shall have paid the necessary, required fees and charges for membership.

5. All currently outstanding Class A stock shall continue to be transferable by sale, gift, inheritance or otherwise. Upon presentation of a certificate evidencing ownership of a Class A share, along with a stock power or other appropriate instrument of transfer properly executed by the current owner of such stock along with proper evidence of ownership and properly witnessed or notarized, the Board of Governors will authorize the appropriate officers of the Club to reissue such share in the name of the new owner. In the event that an owner of a Class A share is unable to present the certificate evidencing ownership of such share, the Club may require such additional affidavits, bonds and other documents as it deems necessary or appropriate before reissuing or transferring such share. No transfer of stock shall be recognized until it has been duly approved by the Board and has been transferred upon the stock records of the Club.

6. The ownership of the Club and all of its assets and facilities is vested solely in the Class A stockholders of the Club. Class A Stockholders, whether or not members of the Club, shall be entitled to notification of, attendance at and one (1) vote per share owned at any regular or special meeting of the membership.

7. Henceforth from the date of the adoption of these Bylaws, all Class B stock shall be deemed to be uncertificated securities registered only upon books or other records maintained for that purpose by or on behalf of the Club. All currently outstanding or previously issued stock certificates or instruments evidencing the ownership or use of Class B shares shall hereafter be null and void.

8. Each existing and future member of the Club, if not the owner of one or more shares of Class A stock, shall be deemed to be the holder of one (1) share of Class B stock for so long as such member remains as a member in good standing. The owner of one or more Class A shares shall not be entitled to hold a Class B share. Accordingly, if a Class B shareholder acquires one or more shares of Class A stock, such shareholder's Class B stock shall be deemed to have immediately reverted to the Club. No member shall hold more than one (1) share of Class B stock at any time.

9. In the event that a member ceases to be a member in good standing for any reason whatsoever, with the exception of a surviving spouse as set forth in paragraph 10 below,

all right, title and interest in and to the Class B share held by such member shall immediately revert to the Club.

10. Class B stock shall not be transferable or assignable except to the surviving spouse of such member, who shall have the right to continue such membership without paying an additional initiation fee for so long as all past and future dues and membership assessments are paid when due and such spouse otherwise remains a member in good standing. Upon the death of the surviving spouse or such surviving spouse no longer being a member in good standing, the ownership of such share of Class B stock shall immediately revert to the Club.

11. The owner each share of Class B stock while in good standing shall be entitled to one (1) vote at any regular or special meeting of the membership, except with regard to the sale of all of substantially all of the Club's assets, the sale of any substantial part of the real estate of the Club or the dissolution of the Club. Class B shareholders shall have no right to participate in or receive distributions from the sale of all of substantially all of the Club's assets, the sale of any substantial part of the real estate of the Club or the dissolution of the Club, which shall be vested solely in the Club's Class A shareholders.

12. Upon approval by the Board, an applicant shall be deemed a member of the Club, and he shall enjoy all of the rights and privileges consistent with the class of membership of such member,

13. No holder of any shares in the Club shall have any pre-emptive right to purchase, subscribe for or otherwise acquire any shares of stock of any class now or hereafter authorized, or any securities exchangeable for or convertible into such shares, or any warrants or other instruments evidencing rights or options to subscribe for, purchase or otherwise acquire such shares.

SECTION 2. Governors.

1. The Board of Governors shall consist of twelve (12) voting members plus the immediate past president for a two (2) year period.

2. Insofar as reasonably possible, the terms of the Board of Governors shall be staggered with the terms of four (4) Governors expiring each year. Each Governor shall be elected at the annual meeting for a term of no more than three years. No Governor having served two (2) consecutive full three-year terms shall be eligible for re-nomination to serve on the Board until at least one year has elapsed after the completion of his or her second full term. In no circumstance will a Governor serve more than a total of six years consecutively, unless an extension is necessary to allow the president to complete his or her two-year term of office.

3. The voting shall be conducted and the ballots counted by tellers appointed by the president, none of whom shall be a member of the Board. If there are no nominations for Board membership from the floor at the annual meeting, it shall be permissible for the nominated Board members to be elected by a showing of hands without the necessity of written ballots.

4. Forty-five (45) days preceding the Annual Meeting, the Nominating Committee, consisting of the current president, the president elect, and the immediate three (3)

past presidents shall nominate four (4) voting members of the Club as candidates for the Board. The Chairperson of this Nominating committee will be the current president. The Secretary shall post the names of all persons as nominated on the Club bulletin boards and mail to each member of the club a list of nominees at least twenty (20) days before the annual meeting. Other voting members may be nominated for Governors by any twenty-five (25) voting members in good standing, provided such nominations are made in writing by the individuals nominating them and are placed in the hands of the secretary within ten (10) days after the mailing of the notice hereinbefore provided for. The secretary shall post the names of all persons as nominated on the Club bulletin board and mail the list of all nominations to members at least one (1) week before the annual meeting. The nominating committee shall also submit to the newly elected Board a complete slate of officers for consideration by the Board.

SECTION 3. Officers.

1. At its first regular meeting after each annual meeting of members or as soon thereafter as feasible, the Board shall elect a president, a vice-president, a secretary, a treasurer and an assistant treasurer from its members who shall hold office for one (1) year and until their respective successors are elected. However, the office of president shall be a two-year term.

2. There shall be no limit to tenure in these offices except that of president which shall be limited to a maximum of four (4) years.

ARTICLE VI MEETINGS

SECTION 1. Annual Meeting of Members and Stockholders.

1. The annual meeting of the members and stockholders of Club shall be held on the second (2nd) Tuesday in March of each year at the Club house or at such other place as is determined by the Board for the election of Governors and for the transaction of other business which properly may be brought before the meeting for action. Notice of this annual meeting shall be mailed by the secretary to each member in good standing at least ten (10) days before the date of the meeting.

2. While the ownership of Class A stock is not a requirement for membership and the members of the Club shall have authority to consider and authorize the annual budgets, the use of membership fees and membership assessments, and shall have the authority for the general operation of the Club, acting at all times by and through its Board pursuant to and in accordance with Article II hereof, the ownership of the Club's real property, including all lands and buildings and capital improvements, shall remain with the Class A stockholders of the Club. Decisions involving the disposition of any real property or the diminishing in value of any of the assets of the Club shall rest solely in the authority of the Class A stockholders of the Club as set forth in Article V, Section 1 above.

3. At any annual or special meeting, stockholders who are not members of the Club shall receive notice of such meeting and shall be authorized to attend such meeting and vote at such meeting and otherwise participate in such meetings.

SECTION 2. Special Club Meetings.

1. Special meetings of the members and stockholders of the Club shall be called by the president, acting on behalf of the Board, or upon the written application of twenty-five (25) voting members and/or stockholders, not in arrears, filed with the secretary. Special meetings shall be held in the club house or at such other place as may be designated by the Board, the time and the place to be determined by the Board. A notice giving the time and place of the meeting and stating the nature of the business to be transacted at such meeting shall be mailed by the secretary to each member and/or stockholder of the Club at least ten (10) days prior to the meeting, and at such meeting, no other business may be transacted.

SECTION 3. Annual Board Meeting.

1. The annual meeting of the Board shall be held immediately following the annual meeting of the stockholders.

SECTION 4. Regular Board Meeting.

1. The regular meeting of the Board shall be held the third Tuesday of each month at the Club or at such time and place as the president shall designate.

SECTION 5. Special Board Meeting.

1. Special meetings of the Board shall be held on the call of the president, acting on his or her own initiative or upon written application of seven (7) members of the Board. Such meetings shall be held at the Club house or such other place and at such time as the president shall designate. Notice of such special meetings of the Board shall be mailed to all the Governors not less than five (5) days before the date of such meeting and shall state the purpose thereof.

SECTION 6. Quorum of Club Meetings.

1. To constitute a quorum, a majority of shares entitled to vote must be present either in person or by proxy. If a quorum fails to attend at the place or time of the meeting, then, those who do attend may adjourn from time to time until a meeting shall be regularly constituted. At all meetings of the Club, except as otherwise provided in the Articles of Incorporation, each stockholder of record, including Class A and Class B stockholders, shall be entitled to one (1) vote. This paragraph shall not be deemed to authorize Class B members to vote upon the termination or liquidation, either voluntary or involuntary, of the Club and the disposition of all or substantially all or a substantial part of the real property of the Club.

SECTION 7. Quorum of Board Meeting.

1. A quorum at any meeting of the Board shall consist of seven (7) Governors, except in the expulsion proceedings when the quorum shall be nine (9) Governors

SECTION 8. Order of Business at Annual Meetings.

1. The order of business at the annual meeting of the Club shall be as follows: call to order, appointment of chairman, determination of presence of quorum, reading and disposition of any unapproved minutes, reports of committee chairs, president's annual report, election of Governors, unfinished business, new business and adjournment.

SECTION 9. Order of Business at Board Meetings.

1. The order of business at each regular Board meeting shall be as follows: call to order, determination of presence of quorum, reading and disposal of any unapproved minutes, reports of officers and committees, election of officers (at annual meeting of Board), unfinished business, new business and adjournment.

SECTION 10. Parliamentary Rules.

1. In the conduct of all meetings, either membership or Board, the president shall be responsible to see that such meetings are conducted in a democratic fashion, so that business is conducted in an orderly manner and that formal action of the Board or membership is taken by resolution created by a motion, a second thereto, a discussion thereon, and a vote thereon. In the absence of a controversy, argument or disagreement concerning matters of procedure, it shall not be necessary to follow the procedural technicalities of Robert's Rules of Order. However, in the event of disagreement on a matter of procedure, Robert's Rules of Order shall govern except wherein inconsistent with written provisions of the Bylaws. In the event of a disagreement about a matter of procedure and no one in attendance can settle the disagreement by specific reference to a provision of Robert's Rules of Order, then the president shall be the final arbiter of any dispute concerning procedure and the president's decision thereon shall be final and binding.

SECTION 11. Meetings of Stockholders.

1. The president shall be authorized to call special meetings of stockholders at any time the president deems such a meeting necessary and advisable. In the event of a special stockholder's meeting, all stockholders of record shall be given at least ten (10) days notice of the date, place, time and business to be conducted at such meeting. The president, upon the request of ten percent (10%) of the stockholders of record, shall call a special meeting of the stockholders giving all stockholders of record at least ten (10) days written notice of the date, place, time and business to be conducted at such meeting of stockholders. Voting at such stockholders' meetings may be in person or by written proxy.

SECTION 12. Voting by Proxy.

1. At any annual Club meeting or at any special Club meeting or at any special meeting of stockholders, voting by proxy shall be permitted. No proxy may be voted unless such proxy is in writing and signed by the person who is designating another person to vote for him. Written proxies must not only be signed by the person designating some member in good standing to vote in his or her behalf, but the member so named shall be specifically named in the proxy. To be valid, a proxy must be delivered to the secretary of the meeting or the person presiding at the meeting at the beginning of the meeting when the meeting is called to order.

ARTICLE VII MEMBERSHIP

SECTION 1. General.

1. All persons who shall become members of Chatmoss Country Club shall enjoy the full privileges and use of the facilities, except for the limitations imposed on particular classes of membership.

2. The spouses and unmarried children of such members under the age of twenty-one (21) years may use the club facilities to the same extent the member himself or herself is entitled to use such facilities. Unmarried sons or daughters of such members over twenty-one (21) years of age and residing at home will have the same privileges as those children under 21 years of age, up to the age of twenty-five (25) years. A member shall be, and is, responsible for the conduct of and indebtedness incurred by his or her immediate family.

3. The spouses and children of particular classes of membership are subject to the same limitations in the use of the Club facilities as is the member.

4. A candidate accepted for membership shall be responsible for all initiation fees, dues and membership assessments for a minimum period of one year after admission to membership.

SECTION 2. Membership.

A. Classes of Membership. The membership of the Club shall consist of the following classes:

- a. Full Member,
- b. Senior Member,
- c. Junior Member,
- d. Non-Resident I Member,
- e. Non-Resident II Member,
- f. Social Activities Member,
- g. Clergy Member,
- h. Legacy Member, and
- i. Such other classes of membership as the Board of Governors may from time to time approve.

B. Admission to Membership. Every candidate for membership shall apply to the General Manager of the Club for an application form. The candidate shall fully answer all the questions and return the form to the General Manager duly signed by the candidate together with the original signatures of three (3) members as endorsers. Two letters of recommendation from current members in good standing must be attached with the application, unless waived by the Board. The application must also be accompanied by the Initiation Fee and one (1) month's dues in advance. After the said information is obtained, the application and data are to be delivered to the Chairperson of the Membership Committee to be presented at the next meeting

of the Board. The Board shall vote on each application by secret ballot, with two (2) negative votes being sufficient to deny such application.

C. Fees. Initiation fees, regular dues, capital dues, monthly dining room minimum charges and assessments will be set by the Board of Governors for all classes of membership from time to time.

D. Full Members. All persons forty (40) years of age or older shall be eligible for Full Membership. Full members may enjoy all privileges of the Club.

E. Senior Members.

(a) All persons accepted as members by the Board after attaining sixty (60) years of age shall constitute a Senior membership and shall be entitled to the full rights and privileges in the use of the club and its facilities.

(b) Senior members shall pay an initiation fee of one-half (1/2) of the currently existing Full membership initiation fee and will be subject to the same dues, membership assessments and other charges as Full Members.

F. Junior Members.

(a) To qualify for a Junior Membership, the head of household must be less than thirty-nine (39) years of age.

(b) Junior Members may switch to Full Membership status at any time. However, one month prior to the Junior's 39th birthday, he/she will be notified that a switch must be made to the Full Membership category as of the first of the month following the birthday. No additional fee is required for the change. If the Junior decides not to become a Full Member, then he will be obligated to resign from the Club.

(c) Junior Members becoming Full Members are not subject to any waiting list. Should the Full Member category be full, their switch to Full status will cause the Full category's cap to be incrementally exceeded.

G. Non-Resident I Member

(a) To qualify for Non-Resident I membership, applicant must live outside of Martinsville and Henry County and live within a 35-mile radius of Chatmoss. Non-Resident I members can not own or rent property in Martinsville and Henry County.

(b) Non-Resident I Members who later move into Martinsville or Henry County must convert to Full Membership within thirty days after the relocation. At the time of conversion, the difference between the current Full Membership initiation fee and the amount they paid when they joined as a Non-Resident I member is due, payable in full. Non-Residents becoming Full Members are not subject to any waiting list. Should the Full Membership category be full, their switching to Full status will cause the Full Membership's category cap to be incrementally exceeded.

H. Non-Resident II Member

(a) To qualify for Non-Resident II membership, the head of household must not have any place of residence within thirty-five (35) miles from Chatmoss.

(b) Non-Resident II members who later move into Martinsville or Henry County must convert to Full membership within thirty (30) days after the relocation. At the time of conversion, the difference between the current Full Membership initiation fee and the amount they paid when they joined as Non-Resident II is due, payable in full. Non-Resident II members becoming Full Members are not subject to any waiting list. Should the Full Membership category be full, their switching to Full Membership will cause the Full Membership category's cap to incrementally exceeded.

I. Social Activities Member Social Members shall have the full rights and privileges to the use of the Clubhouse, Sports Complex, Tennis, and the pool facilities. There will be no Golf privileges at any time. A Social Activities Member may use the Golf facilities as a guest of a Full, Junior, Clergy, Senior, or Non-Resident member, but the use of these facilities is subject to the same fees and limitations as any other guest.

J. Clergy Member. All members who are active or retired full-time ordained ministers living in Martinsville or Henry County shall be designated Clergy Members.

K. Legacy Member. Legacy membership shall be available to a person who desires to join and is otherwise acceptable as a member, provided he or she is at least 21 years of age and the son, daughter, stepson, stepdaughter, parent or stepparent of a member who maintained membership status in good standing for no less than three (3) consecutive years. A Legacy is not subject to any waiting list and may cause the specified category's cap to be exceeded. Individuals qualifying for the Legacy Program shall pay an initiation fee of fifty percent (50%) of the initiation fee of the membership category for which said individual qualifies.

L. Other Classes of Membership. The Board of Governors may from time to time establish, modify and terminate such other classes of membership as it may deem appropriate and may determine the qualifications, requirements, rights and privileges applicable to such memberships.

SECTION 3. Delinquency

1. All accounts due the Club must be paid on or before the twenty-fifth (25th) day of the month following the month such amounts due were incurred. Any member's amounts due to the Club not paid in full by such date shall be considered past due and such member's account delinquent. An interest charge of 1.75% will be added each month to all delinquent accounts until they are paid in full. The member shall be responsible for any attorneys' fees, costs and other expenses of collection of such member's delinquent account.

2. The Executive Committee of the Board is authorized to take such action as it deems necessary or appropriate, including, without limitation, legal action to collect members'

delinquent accounts. The Executive Committee shall report its actions regarding delinquent accounts no less than quarterly to the full Board.

3. The full Board may suspend privileges or expel from membership any member with a delinquent account. A member's readmission to membership after expulsion or reinstatement of privileges after suspension shall be at the sole discretion of the Board.

SECTION 4. Resignation or Change of Membership

1. Any member wishing to resign from membership shall file a written request for acceptance of resignation with the Secretary of the Club for action thereon by the Board of Governors, which shall be effective only as of the date as accepted by the Board.

2. No resignation of any member indebted to the Club shall be accepted until all of his or her obligations to the Club shall have been paid in full.

3. Any member requesting a change in his or her membership status must submit to the Secretary, in writing, the reasons for such request. Any change shall not be effective until the date such change is accepted and approved by the Board.

4. Any member transferring from a membership category with fewer benefits to one with greater benefits (e.g. social to full) must pay the difference in initiation fee between the two categories at the time of the upgrade, unless that member previously was in the higher category. In accordance with Article VII, Section 2(6)(b), the foregoing provision does not apply to Junior membership upgrades.

5. Any member who previously resigned in good standing, with all dues, charges, assessments and capital pledges paid in full prior to re-application, may re-apply for membership. If accepted, the member shall pay one-half the initiation fee in effect at the time of re-application. Re-applications shall be subject to any waiting list in effect at the time.

6. A member may change from one membership category to a lesser category without penalty. However, a subsequent change back to the original category cannot be made for a period of one year. Changes of membership brought about by a change in residency are excluded from this restriction.

SECTION 5. Leave of Absence

1. A member may, under extreme circumstances, be granted a leave of absence of up to six (6) months by special Board action and totally at the discretion of the Board. This should only be in the case of a member's severe illness or extreme personal hardship, and primarily those who have been long-standing members for ten (10) years or more. During a leave of absence, all dues, Club privileges and voting privileges for the Class B stock, if any, held by such member are suspended for the duration of the leave of absence provided all dues and charges are current at the time leave is granted. Any assessments charged to the membership during a member's leave of absence must be paid in full prior to reinstatement.

2. Placing a member on leave of absence status will be deemed to have reduced the membership role in the respective member category by one, potentially making room for someone on the waiting list.

3. Reactivation of the membership after a leave of absence does not require any initiation fee, and the member being reactivated is not subject to any waiting list that may be in effect. If a waiting list is in effect, the reactivation will cause the cap to be exceeded incrementally.

4. Leave of absence cannot be granted for more than six (6) months per five-year period.

SECTION 6. Waiting Lists

1. In the event that more people are approved for membership than a category's respective cap will allow, approved applicants will be placed on a waiting list for that category in the chronological order that their completed membership applications were received by the Club office.

2. Persons approved for membership in a category who are placed on a waiting list should be immediately notified of such by the General Manager and informed of their waiting list status, what number they are on the list, and the procedure that will be followed when a space for them becomes available. Care should be taken by the Club office and Board members to avoid providing estimates as to how long the wait might be.

3. Initiation fee payment is not required until a space becomes available.

4. A space is deemed "available" immediately when the roll of a particular category falls below the category's authorized cap. This can be caused by (a) the receipt in the Club office of an appropriate resignation letter from a member in the category; (b) switching of a member in the category to another membership category; (c) the death of a member in the category which forces a change in membership status of the surviving spouse; or (d) the expelling of a member of the Club.

5. When a space becomes available, the applicant is immediately notified by the General Manager and must join within one week by paying the appropriate initiation fee in full. If he or she chooses at that time to not become active, then his or her waiting list position is forfeited as well as any "grandfathering" initiation fee advantage that he or she may have enjoyed. In that event, membership is then offered to the next person on the waiting list. Once placed on a waiting list, the applicant cannot be affected by any subsequent increase in initiation fees. Initiation fee payment is not required until a space becomes available.

SECTION 7. Membership Caps. Membership caps are set in each membership category by the Board, based upon the number of persons that it feels the Club can accommodate with its facilities. The caps can be changed by Board action, but this should be very infrequent. Under certain circumstances, a cap may be temporarily exceeded as provided elsewhere in these Bylaws.

SECTION 8. Exceeding Membership Caps. As mentioned, membership caps may be temporarily exceeded, but only when (a) a member switches categories, (b) in the case of a legacy, or (c) with the approval of the Board. It is important to note that the cap itself does not change. Exceeding membership caps will adversely affect people on waiting lists for the respective categories. To illustrate, the person who is number one on the waiting list of a category must wait until the number of members is less than the cap before gaining admission.

SECTION 9. Divorce

1. The following rules and procedures shall be followed in the event of the separation and/or divorce of a husband and wife:

(a) For a period of twelve (12) months following the parties' separation or until the entry of a final decree of divorce, whichever event first occurs, each of the parties will be entitled to continue to use the Club facilities based on their applicable category of membership as long as the membership is in good standing. Until the parties shall have given written notice of the entry of a final decree of divorce as required by section (b) below, each party shall at all times be jointly and severally liable for any and all dues, membership assessments and charges made on such membership. In the event that either spouse is unwilling to be jointly and severally bound for such dues, etc., such spouse shall so notify the Club manager in writing and such spouse shall thereafter be deemed to have waived any further right to utilize the Club facilities until such spouse re-applies for a separate membership as set forth in section (b) below and such application is accepted.

(b) Upon the entry of a final decree of divorce, each of the divorced parties must immediately give written notification to the Club specifying which party shall retain the existing membership to use the Club facilities. The divorced party not retaining the existing membership or a party having given the notice described in section (a) above must re-apply and be approved for membership before using the Club facilities, but is not subject to a waiting list for any membership category. An initiation fee for the applicable category of membership will be required equal to fifty percent (50%) of the fee in effect when they apply. A completed application for the re-applying party must be received by the Club manager no later than six (6) months of the official date of the final divorce decree. After said period, this special consideration does not apply.

SECTION 10. Reprimands, Suspensions, Expulsions.

1. The Board shall be, and is, fully authorized to reprimand, suspend, or expel any member for reasonable cause. Such reasonable cause shall include, but is not limited to, (i) engaging in illegal activities on Club premises, (ii) violations of Club Bylaws, (iii) improper usage of Club property, or (iv) engaging in any other conduct or activity which, in the opinion of the Board, is prejudicial to the Club's welfare or good order and discipline.

2. Without limiting the generality of the foregoing, the Club will not permit any illegal gambling on Club premises. Any member or guest who engages in any illegal gambling on Club premises will be subject to disciplinary action by the Board

3. Reprimand, suspension, or expulsion of any member for any cause, excluding delinquency, shall not be made by the Board until the member shall have the opportunity to present an explanation or factors in mitigation of the complaints made against the member. A member shall be entitled to at least a week's written notice specifying the date, place, and time the Board will consider the complaints.

SECTION 11. Guests. Members are responsible for the charges of and behavior of their guests, and a member is responsible to see that the guests sign the guest register for the use of Club facilities and that appropriate fees are paid. Use of the Club facilities by a guest shall be in strict accordance with the policies enacted by the Board.

SECTION 12. Dues. The Board has the full authority to set all fees, dues, special membership assessments and capital assessments to members from time to time as may be necessary for the sound fiscal management of the Club and its facilities. Each class of membership shall be notified at least thirty (30) days in advance of any adjustment or modification in the fees or dues structure.

SECTION 13. Attorneys' Fees and Expenses. In the event that the Club prevails in litigation of any kind, nature or description between the Club and a Member, the Member shall indemnify and hold the Club completely harmless for all costs and expenses incurred by the Club in such litigation, including, without limitation, reasonable attorneys' fees.

SECTION 14. Choice of Law; Jurisdiction. These Bylaws and any disputes between the Club and a Member are to be governed and construed in accordance with the laws of the Commonwealth of Virginia. Each Member expressly agrees that the Circuit Court of Henry County, Virginia, shall have exclusive jurisdiction over any and all disputes between the Member and the Club and each party shall be deemed to have waived the right to trial by jury.

ARTICLE VIII COMPLAINTS

SECTION 1. Registering Complaints.

1. Any complaint made by a member regarding the conduct of another member or guest, or the conduct of any officer, Governor, committee member, or any employee of the Club, or regarding any phase of the operation of the Club facility shall be submitted in writing by such complaining member to the general manager who shall submit it to the Board for final decision and disposition. This section does not mean that a member may not make an oral complaint. Oral complaints, however, do not officially invoke the complaint process in the Bylaws, and members who wish to officially register a complaint should transmit the same in writing to the general manager.

ARTICLE IX
AMENDMENTS AND INTERPRETATION

SECTION 1. Procedure for Amending

1. These Bylaws may be modified, altered, amended or revoked by an affirmative vote of nine (9) members of the Board at any meeting held by the Board properly constituted.

2. The Board shall be the final arbiter of all questions concerning interpretation of the Bylaws.