

By-Laws of The Solamere/Oaks Swim and Tennis Club Inc.

Index

By-Laws of The Solamere/Oaks Swim and Tennis Club Inc.	1
Section 1 Name, Location Fiscal Year	1
1.1 Name	
1.2 Office and Principal Place of Business	
1.3 Fiscal Year	
Section 2 Members	1-2
2.1 Definition of Member	
2.2 Definition of a Family member	
2.3 Partnerships, Corporations and Trusts	
2.4 Classes of Membership	
2.5 Equity Membership	
2.6 Eligibility	
2.7 Non-Equity Membership	
2.8 Non-Equity Member Tennis Fees	
2.9 Non-Equity Member Swim Fees	
2.10 Membership Conversion	
2.11 Fees and Dues Obligation	
Section 3 Fees and Dues	2-3
3.1 Membership Fees	
3.2 Use of Fees	
3.3 Annual Dues	
3.4 Members Responsibility for Debts	
3.5 Continuance of Dues	
3.6 Delinquent Accounts	
Section 4 Upkeep of Facilities	3-4
4.1 Maintenance and Upkeep	
4.2 Dues for Operation and Maintenance	
4.3 Improvements	
Section 5 Board of Trustees.....	4-5
5.1 Number and Term	
5.2 Appointment	
5.3 Vacancies	
5.4 Powers	
5.5 Limitation on Powers	
5.6 Quorum	
5.7 Decisions	
5.8 Meeting of the Board	
5.9 Mandatory Attendance	
5.10 Expulsion for Cause	
5.11 Order of Business	
5.12 Indemnification	

Section 6 Officers	6-7
6.1 Qualifications	
6.2 Titles	
6.3 Term of Office	
6.4 Vacancies	
6.5 Duties of Officers	
Section 7 Contractors/Employees and Teaching Professionals	7
7.1 Contractors	
7.2 Managerial Employees	
7.3 Other Employees	
7.4 Resident Pro	
7.5 Guest Pro	
Section 8 Committees	7
8.1 Special Committees	
Section 9 House Rules	7-8
9.1 Adoption and Publication	
9.2 No Lifeguard	
9.3 Minimum Dates and Hours	
9.4 Enforcement and Penalties	
Section 10 Membership Meetings	8-9
10.1 Voting	
10.2 Annual Membership Meeting	
10.3 Call of Special Membership Meeting	
10.4 Agenda of Special Membership Meeting	
10.5 Notice of Membership Meetings	
10.6 Quorum for Membership Meetings	
10.7 Period of Protest	
Section 11 Membership Certificates and Cards	9
11.1 Certificate	
11.2 I.D. Cards	
Section 12 Prohibition on Commercial Uses	9
12.1 No Commercial or Religious Use	
Section 13 Eligible Guests	9-10
13.1 Definition of a Eligible Guest	
13.2 Definition of a Trespasser	
13.3 Maximum Number -	
13.4 Group Function Permit	
13.5 Revocation of Guest Use	
13.6 No Guest Days	

Section 14 Transfer of Membership	10-11
14.1 Sale of Lot to which Membership is Appurtenant	
14.2 Responsibility of Transferor	
Section 15 Insurance.....	11
15.1 Type	
15.2 Amount	
15.3 Rating	
Section 16 Discipline	11
16.1 Discipline for Cause	
Section 17 Amendment.....	11
17.1 Amendment	
Section 18 Contractual Obligation.....	11
18.1 Legal and Professional Fees	
Section 19 Construction of By-Laws.....	11-12
19.1 Construction	
19.2 Conflicts	

By-Laws of The Solamere/Oaks Swim and Tennis Club Inc.

A Nonprofit Organization

Section 1 Name: Location - Fiscal Year

1.1 **Name:** The name of the Corporation is "The Solamere/Oaks Swim and Tennis Club, Inc." also herein referred to as "The Club" and "The Corporation".

1.2 **Office and Principal Place of Business:** The office and principal place of business of the Corporation is located at the Swim and Tennis Club at 2400 Solamere Drive, Park City, Utah 84060. Nothing contained herein shall prevent the office from being located at any other place in Park City, Utah. Herein the phrases Director or Board of Directors shall also mean Trustee or Board or Trustees, Equity shall also mean Proprietary and Non-Equity shall also mean Non-Proprietary.

1.3 **Fiscal Year:** The fiscal year of the Corporation shall be from May 1st to April 30th.

Section 2 - Members

2.1 **Definition of Member:** There shall be one Membership, per Lot, consisting of one Person, plus his legally married Spouse. The Member shall be the Person, who is the owner of record of the Lot, or his Spouse, on the official recorded plat according to the Summit County, Utah, Records office.

2.2 **Definition of a Family member:** A Family member is a child or stepchild of the Club Member and his Spouse. Family members shall be allowed to use the Corporations Facilities under the same conditions as Members.

2.3 **Partnerships, Corporations and Trusts:** If a lot is owned in Joint Names or by a Partnership, Corporation, Trust, or any entity other than one Person or one Person and his Spouse, then such entity shall designate one Person as the Member and notify the Board, in writing, prior to use of the Corporations facilities Once designated, the Membership may not be changed until the lot is sold or is transferred.

2.4 **Classes of Membership:** There shall be two classes of Membership in the Corporation, Equity (Proprietary) Members and Non-Equity (Non-Proprietary) Members.

2.5 **Equity Membership:** There shall be two hundred twenty six (226) initial Equity Memberships in the Corporation which shall be limited to Owners of all one hundred twelve (112) lots in the Solamere Subdivisions No's. 1 and 2a, all ninety seven (97) lots in The Oaks at Deer Valley Subdivision, all twelve (12) lots in the Morningstar Estates Subdivision and five (5) of the lots in the Hidden Meadows Subdivision according to the official plats of those subdivisions recorded in the office of Summit County, Utah Recorder. Equity Members shall be entitled to full use of the Corporation's facilities, subject to and in compliance with the Corporation's House Rules in existence from time to time as adopted by the Board of Trustees. Equity Members shall hold an Equity interest in the Corporation's property. Such Memberships are appurtenant to a Lot and

shall be transferred with the Lot as hereinafter provided.

2.6 Eligibility: Equity Memberships are appurtenant to the lots, shall pass with the lots, and cannot be separated from the lots. When there is a transfer of title of the lot, the Membership shall automatically pass to the new owner of the lot and the Membership privileges accorded the transferring owner shall be revoked. Memberships are not transferable and they do not descent or devise.

2.7 Non-Equity Membership: The owners of the sixty five (65) lots in Royal Oaks Subdivision Phase 1 and 2 shall be Non-Equity (Non-proprietary) Members. The Non-Equity Membership shall be appurtenant to the Royal Oaks lot. When there is a transfer of title of the Lot, the Non-Equity Membership shall automatically pass to the new owner of the lot and the Membership privileges accorded the transfer- ring owner shall be revoked. Memberships are not transferable and they do not descent or devise.

2.8 Non-Equity Member Tennis Fees: A Non-Equity Member may play tennis for an hourly court fee to be adjusted annually to 109% of the Park City Racquet Club's Regular Outdoor Tennis Court Hourly rate. The hourly fee shall be the same for Adults and Children and shall be nonrefundable.

2.9 Non-Equity Member Swim Fees: A Non-Equity Member may use the Swimming Pool for a daily use fee. The fee shall be applicable to all persons entering the Swimming Pool area, including those who do not go into the water. The fees shall be adjusted annually to 100% for Adults and 67% for Children under 12, of the Park City Racquet Club's Regular Adult Outdoor Swimming Daily rate or Regular "Facility rate". The fees shall be non refundable

2.10 Membership Conversion: A Non-Equity Member may convert to an Equity Membership for the Membership fee established in 3.1, herein, plus any assessments for Capital Improvements and adjusted for inflation from January 1, 1995 to the conversion payment date by the Consumer Price Index - All Urban Consumers (U.S. City Survey). Converted, Equity Members shall be allowed to use the Corporations facilities under the same conditions as the initial Equity Members.

2.11 Fees and Dues Obligation: By owning a Lot in the Solamere, Oaks or Morningstar Subdivisions, a Member creates a binding contractual obligation and is conclusively presumed to have unconditionally assented to the Articles of Incorporation, By-Laws and House Rules of the Club, as then in force, or thereafter duly promulgated, including, but not limited to, the obligation to pay fees and dues established thereunder, within thirty (30) days of an invoice date. Owners of multiple Lots shall have one (1) Membership per Lot and shall be obligated to pay dues for each Membership even if the Lots have been combined in some way.

Section 3 - Fees and Dues

3.1 Membership Fees: The Membership fee for the initial Memberships provided for in Section 2.5 hereof shall be one thousand one hundred dollars (\$1100) if paid before September 1, 1995 and one thousand three hundred dollars (\$1300) if paid before January 31, 1997. Thereafter, Equity Membership fees for non Equity Members shall be provided by resolution of the Board of Directors.

3.2 Use of Fees: In addition to Membership fees, all moneys received by the Corporation, including, but not limited to, Annual Dues, Special Assessments, Non-Equity Member Daily Use fees, Member Group Function Permit fees, Tennis Court Key fees, Commissions and Commissary proceeds shall be deposited in the Corporation's bank account(s) and may be used for any Corporate purpose, in the same manner as any other funds or revenues received by the Corporation.

3.3 Annual Dues: The annual Membership dues shall be established each year by resolution of the Board Directors and invoiced on April 1st. Master billing shall go to the Solamere, Morningstar and Oaks HOA's who shall bill the respective individual Members. To help cover accounting costs, a \$100 charge may be added to all annual Membership invoices for each billing address.

3.4 Members Responsibility for Debts: Each Member shall be responsible to the Corporation for any debts incurred or damage caused by his Family members or Guests to the Corporation's facilities.

3.5 Continuance of Dues: An Equity Member shall be responsible for and continue to pay dues until such time as the lot to which the Membership is appurtenant is transferred or sold to another party regardless of whether a residence has been constructed on the lot or whether the lot is listed for sale.

3.6 Delinquent Accounts: All dues and charges shall be due and payable upon receipt of invoice therefore from the Corporation. The Board of Directors shall provide for interest at a rate not to exceed 1.5% per month and late charges not to exceed twenty dollars (\$20) per month, to apply to unpaid indebtedness to the Corporation. If such indebtedness remains unpaid for thirty (30) days after invoicing, the privilege of use of the Corporations facilities may be denied until such indebtedness, together with interest and late charges, is paid. Dues shall continue to be payable during any period of suspension, unless otherwise ordered by the Board of Directors. While any delinquent Member is suspended, such Member may be reinstated by the Board of Directors upon payment at that time of his total indebtedness, which shall include the payment of dues during the suspension, together with interest and late charges. If any member is delinquent for a continuous period of ninety (90) days after the invoice date of the indebtedness, the Member shall be responsible for collection costs including, but not limited to, court costs and attorney's fees.

Section 4 Upkeep of Facilities

4.1 Maintenance and Upkeep: The Corporations facilities, including but not limited to the Tennis Courts, Club House, Swimming Pool, Parking Lot and Grounds shall be kept in good repair and shall be maintained in as clean, neat, attractive, and safe condition as possible at all times.

4.2 Dues for Operation and Maintenance: The Board shall levy annual Membership dues for the operation, upkeep, maintenance and repair of the Corporations facilities. The Board shall be allowed to levy, to maintain suitable reserves for maintenance and repairs of the Corporations facilities.

4.3 Improvements: With a vote of approval by two (2) or more of the Board Members if it is a three (3) person Board, or four (4) or more of the Board Members if it is a five (5) person Board, The Board shall have the authority to levy special assessments for capital improvements to the Corporations facilities.

Section 5 Board of Trustees

5.1 Number and Term: The Board of Trustees, also herein referred to as the "Board" or "Directors" shall consist of three (3) or five (5) Equity Members, to serve annually, until there respective successors are chosen and qualified. If the Board is three (3) persons then one (1) shall be from the Solamere Subdivision, one (1) from the Oaks at Deer Valley Subdivision and one (1) from the Morningstar Subdivision. If the Board is five (5) persons then two (2) persons shall be from Solamere, two (2) from the Oaks and one (1) from Morningstar.

5.2 Appointment: The Board of Directors of the Corporation shall each be appointed or elected annually, by their respective subdivision's HOA Board of Directors in accordance with Section 5. 1.

5.3 Vacancies: Any vacancies on the Board shall be filled by appointment by the Board and any Director so appointed shall serve until his successor is appointed by the respective subdivision's HOA Board of Trustees.

5.4 Powers: The Ultimate responsibility and control for the Corporation, its affairs, properties and assets is vested in the Board of Directors. The Board, as a group, shall:

- (1) Establish all policy;
- (2) Make major decisions affecting the Corporation and its property;
- (3) Determine and fix dues and fees;
- (4) Establish and enforce the "House Rules";
- (5) Levy assessments against the Members and provide for collection of the same;
- (6) Fine, reprimand or suspend any Member;
- (7) Remove for cause any Director or Officer;
- (8) Exercise the final fiscal responsibility for the Corporation.

5.5 Limitation on Powers: The powers of the Board shall be limited as follows:

- (1) Any decision of the Board involving a single expenditure in excess of thirty thousand dollars (\$30,000), but not including expenditures for repair or operation of existing facilities, shall require an approval vote by eighty percent (80%) or more of the Board.
- (2) The Board shall not contract for, or enter into any agreement or understanding for any single expenditure in an amount in excess of thirty thousand dollars (\$30,000) without having first invited at least three (3) bids from Contractors, Decorators, Suppliers or other parties whom the Board deems qualified and appropriate to perform such work or to furnish such materials.
- (3) The Directors, as individuals, shall not:
 - (a) Give orders or instructions to management or employees.
 - (b) Publicly discuss Corporation business or the matters presented to the Board at its meetings.
 - (c) Incur any obligations, financial or otherwise, for or on behalf of the Corporation.

5.6 Quorum: If the Board of Directors consists of three (3) Directors then a minimum of two (2) Board Members, attending in person, shall be required for a Quorum. If the Board of Directors consists of five (5) Directors then a minimum of three (3) Board Members, attending in person, shall be required for a Quorum. A Quorum shall be required at all Board meetings for the transaction of business of the Corporation.

5.7 Decisions: Except as in these By-Laws otherwise provided, every decision of a majority of the Directors present at a meeting of said Directors at which a Quorum is present shall be a valid act of the Corporation.

5.8 Meeting of the Board: The Board shall have a minimum of one regular meeting, per quarter, September through April and a minimum of one meeting per month May through August. The time and place of said meetings shall be fixed by Resolution of the Board. Special meetings of the Board may be called by the President or in his absence by any two Directors. The President or Secretary shall give Board Members official notice of Meetings, in writing, sent by US Mail, not less than ten days in advance. Fax, voice mail and e-mail shall be considered informal reminders of meetings but not official notice. Regular or special meetings of the Board may be held at any time, without notice if all of the Directors are present, or if those not present waive notice either before or after the meeting.

5.9 Mandatory Attendance: Board Members must attend Board meetings in person. Board Members who miss two (2) Board meetings in a row will be placed on probation. Board Members who miss three (3) Board meetings in a row shall be automatically expelled. The respective HOA Board that the Board Member was appointed by shall be notified, in writing, of the probation or expulsion.

5.10 Expulsion, for Cause: With a vote of approval by two (2) or more of the Board Members, if it is a three (3) person Board, or four (4) or more of the Board Members if it is a five (5) person Board, The Board shall have the authority to expel a Board Member for cause.

5.11 Order of Business: The order of business at each Board meeting shall be as follows:

- Roll Call;
- Reading of Minutes of Last Meeting;
- Reports of Officers and Committees;
- Unfinished Business;
- New Business

5.12 Indemnification: Liability of the Directors and Officers shall be limited and the Corporation shall indemnify the Directors and Officers for acts as provided in the Articles of Incorporation of the Corporation and to the full extent allowed by the laws of the State of Utah.

Section 6 Officers

6.1 Qualifications: Only an Equity Member in good standing, that is duly appointed in accordance with Sections 5.1 and 5.2, shall be allowed to serve as a Director. Only an Equity Member that is a Director, shall be allowed to serve as an Officer of the Corporation.

6.2 Titles: The Officers of the Corporation shall be a President, a Vice President, a Secretary and Treasurer. At the option of the Board, the office of Secretary and Treasurer may be held by one (1) Director.

6.3 Term of Office: The Officers shall be chosen annually by and from the Board at the Board's first meeting of the fiscal year and shall hold office for one year and until their successors have been appointed and qualified. The old President holding over from the previous year shall act as Chairman only to conduct the election of the new Officers. Election of each Officer may be by oral vote or, if requested by one or more Board Members, by secret ballot from the Directors nominated and seconded in the meeting to serve as Officers.

6.4 Vacancies: Any vacancies in said offices shall be filled by the Board. Any Officer that is appointed shall serve during the un-expired term of his predecessor.

6.5 Duties of Officers:

(A) President: The President shall preside over all meetings of the Members and Directors and shall have general supervisory authority over all committee chairmen and managerial employees of the Corporation in the performance of their duties. He shall perform such duties as are imposed upon him by the Articles of Incorporation, the By-Laws of the Corporation, contractual obligations and resolutions of the Board of Directors consistent therewith. He shall make an annual report to the Board and to the Membership. He shall be an ex-officio Member of all committees established by the Board. He shall have the authority to countersign checks.

(B) Vice President: The Vice President shall perform the duties of the President in his absence. If the office of President becomes vacant, the Vice President shall become acting President until a successor is appointed by the Board of Directors. He shall have the authority to countersign checks.

(C) Secretary: The Secretary shall keep accurate minutes of the proceedings of the meetings of the Membership and board of Directors, shall give notice of regular and special meetings of the Board and meetings of the Membership, and shall perform all other duties imposed upon him under the Articles of Incorporation and the By-Laws. He shall have the authority to countersign checks and attest the signatures of managerial employees and Officers on any contract or other documents to which the Corporation may be a party,

(D) Treasurer, The Treasurer shall cooperate with the managerial employee(\$ of the Corporation in establishing and supervising the books of account and he shall exercise surveillance over the fiscal affairs of the Corporation and shall make such recommendations to the Board as he deems appropriate with regard to all fiscal matters. He shall have the authority to countersign checks

The Officers shall perform all of the duties normally incidental to that respective position in similar types of corporations, Country clubs and organizations consistent with

the provisions of the Articles of Incorporation and By-Laws.

Section 7 Contractors/Employees and Teaching Professionals

7.1 Contractors: The Board shall have the authority to engage independent firms or individuals to supervise, operate and or maintain the physical facilities of the Corporation and or the books of account of the Corporation. In such event, the term of any contractual arrangements for such activities shall not exceed thirty six (36) months and must include a sixty (60) days, or less, termination clause.

7.2 Managerial Employees: The Board shall have the authority to employ a Manager for the operation of the facilities of the Corporation. The Manager may be a full time employee or a part time employee and shall have duties and responsibilities as determined and assigned by the Board in connection with such employment.

7.3 Other Employees: The Board shall have the authority to hire and the right to discharge all employees necessary, in the opinion of the Board, to carry on the affairs of the Corporation. The Board may also assign the authority to hire and or discharge employees to the Manager.

7.4 Resident Pro: The Board shall have the authority to hire and or contract one or more Teaching Professionals or "Resident Pros". The Resident Pro(s) must be certified and carry his own liability insurance of not less than \$1,000,000 per occurrence. To provide a Resident Pro of the highest caliber The Board shall have the authority to allow the Resident Tennis Pro to use the Tennis Courts to instruct non-members if the Board determines there is space available. The Resident Swimming Pro shall only be allowed to instruct non-members if they are a Guest of an accompanied Member.

7.5 Guest Pro: Any Member that desires to have a Teaching Professional or Coach as a Guest shall apply and receive the Board's approval prior to use of the Corporations facilities.

Section 8 Committees

8.1 Special Committees: Special committees may be appointed by the President or by the Board, from time to time, when in their judgment, it shall be helpful in serving the interests of the Corporation or to remedy any existing problems.

Section 9 House Rule

9.1 Adoption and Publication: House Rules shall be adopted by the Board each year for the purpose of regulating use and establishing operating dates and hours for the Corporation's facilities, prescribing methods of reserving use of the facilities, establishing the minimum age for use by children with and without adult supervision, prescribing dress and standards of conduct in connection with the use of facilities and for such other purposes normally incidental to similar types of corporations, Country clubs or organizations. Copies of all House Rules shall be printed and available in the Club House to the Members. In the case of a conflict between the By-Laws and the House Rules, the By-Laws shall prevail.

9.2 No Lifeguard: The Corporation shall not be required to provide a Lifeguard. Unless modified by the Board in the House Rules, all Members must accompany and directly supervise their children, grandchildren and guests that are under the age of 14 at all times. Children left alone in or near the swimming pool, for any period of time, shall be cause for immediate suspension of the Membership.

9.3 Minimum Dates and Hours: The Corporations facilities shall be open a minimum of 10:00 a.m. to 6:00 p.m., every day, every year, from Memorial Day Weekend through Labor Day Weekend. The Board may modify, in the House Rules, the Dates and Hours to remain open longer. The Board shall have the authority to close the Club at any time, with or without reimbursement to the Members, due to weather, an act of God or any other circumstance beyond the control of the Board or the Corporation.

9.4 Enforcement and Penalties: The Manager (whether independent contractor or employee) shall be responsible, as delegated by the Board, for the observance, by the members, of the House Rules and these By-Laws. The Board shall have authority to take such disciplinary action as it deems necessary or proper, for any violations of the House Rules or the provisions of these By-Laws, in accordance with the provisions of Section 16 hereof.

Section 10 Membership Meetings

10.1 Voting: Only Equity Members in good standing shall have the right to vote at any Corporation meeting of election. The person in whose name a Membership is issued shall be entitled to vote. In the case of a Lot owned in joint Names or by a Trust, Partnership, Corporation, or any other entity, then one person shall be issued a Membership and shall be entitled to vote and receive notices. The person shall be identified, in writing, by the entity, prior to issuance of the Membership and prior to use of the Corporations facilities.

10.2 Annual Membership Meeting: A verbal and written report of the affairs of the Corporation shall be provided as part of the Annual Membership Meeting of the Corporation. Each year the Board shall vote and then identify in the notice of the Annual Meeting, whether the Meeting will be held in accordance with options A or B, as follows:

(A) At the Solamere/Oaks Swim and Tennis Club, 2400 Solamere Drive, Park City, Utah, between June 1st and September 1st, on a date and time set by the Board.

(B) At the same time and location as the Solamere, Oaks and Morningstar HOA's annual meetings. A minimum of one of the Club's Board Members shall attend each time. The Club's annual meeting shall be continued after the first two meetings and shall conclude with the third annual HOA meeting.

10.3 Call of. Special Membership: Meeting: Special Membership meetings may be called by either option A or B, as follows:

(A) At any time by the Board's action.

(B) At the written request of one hundred (100) or more Equity Members of the Corporation. Such meetings shall be held within thirty (30) days after being called by Board action or after receipt of the Membership request by the President.

10.4 Agenda of Special Membership Meetings: Any special Membership meetings shall include, in the notice to the Members, the specific purpose for the meeting and the matters to be considered, A special meeting shall be limited to those matters specified and no action shall be taken on any matter not included in such notice.

10.5 Notice of Membership Meetings: Notice of every annual meeting and every special meeting of the Members of the Corporation shall set forth the time and place of such meeting and shall be mailed to each Member. The notice shall also be posted in a prominent place, such as the front door of the Club, facing outward towards the street, at least fourteen (14) days prior to such meeting.

10.6 Quorum for Membership Meetings: One half of the Members of the Corporation, attending either in person or by proxy, shall constitute a quorum at all Membership meetings. Less than a quorum may adjourn a Membership meeting until such time as a quorum is obtained. The quorum for each adjourned meeting shall be one-half of the number required for the prior meeting. Adjournments shall be for at least forty eight (48) hours and not more than thirty days. If an Annual Meeting is held under option 10.2B, then the Members attending the three HOA meetings shall be deemed a quorum.

10.7 Period of Protest: Members shall have thirty days from the conclusion of a meeting or the end of the fiscal year, whichever is earlier, to protest any action of the Board. Unless protested within that time period, all actions of the Board and the Corporation shall be deemed accepted by the Members.

Section 11 Membership Certificates and Cards

11.1 Certificate: If approved by The Board, Certificates of Membership shall contain the name of the owner of record of the lot to which it is appurtenant, the lot number and subdivision name, and the signature of the President or Secretary. Certificates shall be twenty-five dollars (\$25) and shall be issued within sixty (60) days of payment being made by the Member. Only one Membership Certificate per lot shall be issued and shall be surrendered at the time of a sale or transfer of the lot.

11.2 I.D. Cards: Identification Cards may be issued to Members in good standing and their Family members who are entitled to use the Corporations facilities, in accordance with these By-Laws. Such cards shall be in a form approved by the Board and shall contain their picture, name and lot number and the subdivision to which the Membership is appurtenant.

Section 12 Prohibition on Commercial Use

12.1 No Commercial or Religious Use: The Corporations facilities may not be used, rented or leased for Commercial or Religious use.

Section 13 Eligible Guests

13.1 Definition of a Eligible Guest: A Guest is a person who is not a Member and is accompanied by a Member or their Family member. A Guest must be accompanied by a Member, at all times, to be eligible to use the Corporations facilities.

13.2 Definition of a Trespasser: Any person that is not accompanied by a Member shall be trespassing and must leave the premises at once or shall be subject to criminal prosecution.

13.3 Maximum Number: The maximum number of people, per Membership, that may use the Corporation facilities at any given time, including Members and their Guests, shall be eight (8) or as otherwise established, by the Board, in the House Rules. Any quantity exceeding that established number shall require the permission of the Board and a Group Function Permit.

13.4 Group Function Permit: Equity Members who want to have more than eight (8) people use the Corporations facilities at any given time shall complete a Group Function Permit application not less than thirty (30) days prior to the desired use date., The Board shall vote to approve or disapprove the application and notify the Member of the outcome not less than ten (10) days prior to the desired use date. By a majority vote, The Board shall have the authority to approve or disapprove any application, for any reason. The Board shall establish a fee and deposit for the Group Function Permit. If issued the Group Function permit shall be for non-exclusive, social use only, of the Corporations facilities. The Member obtaining the Group Function Permit must attend during the entire time of the Function. There shall be no admission charged, no service or product sold or exchanged, no food or beverage sold, and no cash tipping allowed. An Equity Member shall be allowed a maximum of one (1) Group Function per month. Non-Equity Members shall not be allowed to have a Group Function.

13.5 Revocation of Guest Use:

(A) The Group Function Permit shall, state the rules that apply in addition to the House Rules and By-Laws. If the rules are not complied with, the Club Manager, a Club Employee or a Board Member may revoke the Group Function Permit, at any time, without refund of the Permit fee and or deposit.

(B) A Guest's use shall be a revocable privilege that may be revoked at any time, for any reason, by The Board or the Club Manager, or a Club Employee at his sole discretion.

13.6 No Guest Days: The Board, at its sole discretion, shall have the authority to determine which, if any days, the Corporations Facilities are heavily used and not allow Guests on those days.

Section 14 Transfer of Membership

14.1 Sale of Lot to which Membership is Appurtenant: At the same time a Member sells or transfers his lot he shall surrender his Membership cards and Certificate of Membership, if one was previously issued, endorsed in blank, signed by the transferring Member together with a notice, address, phone number and other pertinent information about the buyer or transferee. Once completed, the new owner may apply for a Membership Certificate in accordance with section 11. 1.

14.2 Responsibility of Transferor: It shall be the responsibility of the transferor of a lot, to which a Membership is appurtenant, to provide notice to the Corporation of such transfer as prescribed herein. Until such notice is provided and the transfer documented as provided herein, the transferring Member shall remain liable for dues and charges

and the transferee shall not be entitled to the benefits of Membership and use of the Corporations facilities.

Section 15 Insurance

15.1 Type: At all times the Corporation shall maintain General Liability insurance and an Umbrella Policy. The insurance shall include Errors and Omissions coverage for the Board of Directors.

15.2 Amount: The General Liability insurance limit shall be not less than one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) aggregate. The Umbrella policy limit shall be not less than five million dollars (\$5,000,000). Such limits may be raised from time to time by The Board but shall never be lowered.

15.3 Rating: The Insurance carrier must have a minimum of a AAA rating by Standard Poors.

Section 16 Discipline

16.1 Discipline for Cause: The Board of Directors shall have the authority to discipline, fine or suspend any Member for cause. Such cause may consist of the violation of any By-Law or House Rules, violation of safety rules, or conduct on the premises of the Corporations facilities which, in the opinion of the Board, is prejudicial to the Corporations welfare, safety or to the good order and discipline upon the premises of the facilities, or any improper usage of the facilities of the Corporations property.

Section 17 Amendment

17.1 Amendment: These By-Laws may be altered, amended or repealed if 2/3 (66%) of the Equity Members vote their approval to alter, amend or adopt new By-Laws.

Section 18 Contractual Obligation

18.1 Legal and Professional Fees: It is presumed that all Members have created a binding contractual obligation and are conclusively presumed to have unconditionally assented to the Articles of Incorporation, By-Laws and House Rules of the Club, as then in force, or thereafter duly promulgated and that no Member, Family member or Guest will bring any action or suit to recover damages against the Board, the Club, its Members, Employees, Contractors or Agents. Any person(s) who does bring action or suit against the Club shall reimburse the Club for all legal and other professional fees incurred by the Club in resolving such action or suit unless and only unless, it is judged, in a Utah Court of proper jurisdiction, that the Board acted with malice.

Section 19 Construction of By-Laws

19.1 Construction: Whenever the context may require, any pronoun used in the By-Laws shall include the corresponding masculine, feminine or neuter form and the singular form or nouns, pronouns and verbs shall include the plural and vice versa.

19.2 Conflicts: In the case of a conflict between By-Laws, Articles of Incorporation,

and the House Rules, the prevailing priority shall be as follows:

1. The Articles of Incorporation.
2. The By-Laws.
3. The House of Rules.

PURCHASE AND SALE AGREEMENT

The undersigned, Robert A. Judelson ("Seller") is the owner of four non-designated memberships in the Solamere Swim & Tennis Club (the "Swim & Tennis Club"), Park City, Utah. The Swim & Tennis Club desires to purchase those interests from Seller and retire them.

Therefore, for the sum of Five Thousand Two Hundred Dollars (\$5,200.00) cash, the receipt and sufficiency of which is acknowledged by Seller, Seller does hereby transfer, assign and convey into the Swim & Tennis Club the four membership interests. Further, the Swim & Tennis Club, by the authority of its President, whose signature is placed hereinafter, does hereby purchase and simultaneously retire those memberships.

DATED this _____ day of _____ 1998.

SELLER:

Robert A. Judelson

BUYER:

SOLAMERE OAKS SWIM & TENNIS CLUB

By:

Howard Kadwit
President