

SPRINGVILLE FLYING CLUB

Spanish Fork, Utah

Revision 10/23/2019

BY-LAWS

PURPOSE

The goal of the Springville Flying Club, is to provide for its members the means of obtaining recreational, educational, and proficiency flying time based on three major concepts:

- Low overall cost including initial membership fee, per hour flying rate, growth and improvement costs.
- Maximum flying time availability per member including schedule flexibility.
- Improving equipment quality, quantity, and versatility based upon Club membership and financial growth.

I. MEMBERSHIP

The present Springville Flying Club shall consist of memberships with equal rights, and privileges.

Interests in the Club shall be determined by the prorated value of each membership type and which asset(s) each membership has access to.

The Board of Directors shall establish eligibility and qualifications for membership and charges based on, but not limited to, the liability insurance carrier's requirements.

Applications are screened and approved or disapproved by the Board of Directors (hereinafter "Board").

Applicants who have been approved by the Board shall be admitted to provisional membership upon payment of the membership deposit. The status of "provisional member" shall apply to all new members and shall refer to their membership status for a period of ninety calendar days from the date of approval. This ninety-day period will be employed by the Club to further evaluate the character, aviation references, flying safety, and other relevant characteristics of the provisional member. The Board may, after this investigation, terminate the individual's membership with full refund of the provisional member's membership deposit, less accrued charges. Should no such action be taken before the end of the ninety-day provisional period, the individual's status will automatically become that of 'member' without written notice.

Upon termination of a membership, the member terminated shall forfeit all right, title, and interest in and to any funds or property of the Club, the sole exception being the membership deposit, which shall consist of the refund value in effect at the date of termination of the current membership. The "refund value" of a membership shall be calculated as provided below herein and shall be reduced by all unpaid obligations owed to the club, or owed by the club on behalf of the member being terminated. Such reduction shall not, as is more fully set forth below, constitute a satisfaction of any obligation to the club unless and until the funds represented by the offset are fully collected by the club.

Membership may be terminated as follows:

- a. Upon written resignation and settlement of the member's Club account, in accordance with the By Laws.

- b. Upon death of the member. The settlement of the Club account shall be arranged by the Board.
- c. Upon a two-thirds vote of the Board for expulsion of the member for conduct contrary to the interests of the Club. Such vote shall be held as soon as reasonably practicable, but no sooner than five (5) days after notice in writing of the charges against the member has been delivered to the member. "Notice" for all purposes under these by-laws shall be deemed given when such notice is either personally delivered or two business days after it is deposited in the U. S. Mail, postage prepaid, to the member's address as maintained in the books and records of the club. If a member has more than one address registered with the club, mail to any one of the addresses is sufficient. The effective date of the expulsion may be set by the Board. If the Board specifies no date, the effective date shall be the date of notice to the expelled member of the expulsion.

A member wishing to resign from membership must provide such notice in writing to the Secretary/Treasurer. Resignation shall be effective at the end of the calendar month following the month in which notification of the resignation is received by the Treasurer, provided the member's account is paid in full. If the account of a resigning member is not paid in full, he shall continue to be assessed monthly dues and shall be subject to accrual of monthly compound interest of 1-1/2 percent of the unpaid balance. The Board may, but is not obligated to, expel a member who gives notice of an intent to resign but fails or refuses to settle his account in cash. Within 6 month of the effective date of the resignation, the Club shall return to the resigning member the refund value of his membership deposit less any offsets or charges as provided herein. In the case of an expulsion, the club shall return the refund value less any offsets or charges, if there is a surplus, within 45 days after the membership has been liquidated.

There shall be no members under age 21.

Memberships are transferable only when the club treasury is unable to re-purchase a membership within a reasonable length of time, and then only when said transfer is agreeable to all members of the Board of Directors.

Memberships provide access to all club assets and have a refund value of the membership deposit as set forth below:

A member wishing to sell his membership to the club during the first year of membership will be refunded the difference between the amount he/she has paid toward his/her membership and the amount he/she would have paid to rent a comparable aircraft from a commercial airport operator, for the hours flown in club aircraft.

After year one, the refund value will be 50% of the current membership value, provided the member's account is currently paid up at the time of sale.

The amount paid in the form of regular dues, insurance, and assessment, is not used in computing the amount of refund. However, an amount owed the club will be deducted from the computed refund.

The Board of Directors will, from time to time as they deem appropriate, determine, or cause to be determined, the maximum number of members as well as the current membership deposit of all membership types.-

All current members of the Club at the adoption of these By-Laws shall be grandfathered in as gold memberships.

II. MEMBERSHIP DUES AND FEES

Membership dues shall be established by the Board of Directors and shall be due on the first day of each month. These funds are to be used for fixed costs and maintenance.

The hourly rates charged for flying an aircraft shall be set by the Board to cover the operating expenses of that aircraft, plus that aircraft's pro-rata share of overhead expenses not funded in full by dues and assessments.

All landing fees, tie-down costs, and storage fees incurred by a member shall be paid by the member responsible for the aircraft.

Non-payment of monthly dues or obligations after thirty days from the due date shall automatically ground the delinquent members until payment is made (or arrangements for payment in full are made which are agreeable to the majority of the Board of Directors). If said delinquency is not cleared by sixty days from due date, membership is subject to cancellation.

Interest at the rate of 1-1/2% per month on the unpaid balance will be charged on all accounts not paid within 30 days of billing.

Should administrative and/or legal action be necessary, the Club shall deduct all fees, costs or incurred expenses from the member's equity. These fees shall not be limited by nor included within charges subject to the cap on damages provided in section "X" below.

Charge for Aircraft Grounded Away from Home Base:

- a. Weather. In the event a Club member elects to leave the aircraft when a weather delay is incurred, the member shall be responsible for returning the aircraft or reimbursing the Club of the costs of returning the aircraft including transportation and billeting costs of the ferry pilot, fuel, oil, storage and tie-downs.
- b. Mechanical Trouble Within the Club's Responsibility. Should it become necessary, for reasons entirely outside the control and without the fault or negligence of the member responsible for the aircraft, to obtain extensive and/or time consuming repairs to the Club aircraft while away from the home base, the pilot is authorized to commit the Club for such repair to a maximum of \$200.00. Where the cost of such repairs is estimated to exceed \$200.00, the pilot shall contact the Club for authorization. Personnel who may grant such authorization are the Club Maintenance Officer, or President. No other club members are authorized to commit the club to pay for such repairs. Receipts must be obtained for all repair work or the club may elect to deny reimbursement for what would otherwise be club expenses.

If the pilot or passengers must return to the home base before the aircraft can be restored to an airworthy condition from such club obligated repairs, the pilot and/or passengers must return at their own expense. If the pilot must so return, the responsibility for return of the aircraft reverts to the Club.

- c. Mechanical Trouble Not Within the Club's Responsibility. Should it be necessary to obtain extensive and/or time consuming repairs to the Club aircraft while away from the home base for reasons that are attributable to the control, fault, or negligence of the member responsible for the aircraft, all expenses arising from or related to the member's use of the aircraft shall be borne exclusively by the member responsible for the aircraft.
- d. Determination of fault, negligence, or other costs associated with repairs or damage will be done according to section X.

III. ASSESSMENTS

Assessments may be levied on memberships only at a meeting of the club's members called for that purpose, with notice to the members that special assessments will be considered at that meeting and with the approval of a majority of the membership present.

Payment of assessments shall be handled in a manner satisfactory to the Board of Directors.

IV. POLICING AND FINES

By-laws, rules, and regulations of the Springville Flying Club will be policed by the entire membership. Complaints will be filed with the Secretary/Treasurer who will then call a meeting of the Board of Directors at which time action will be taken.

Any violation of corporate by-laws, rules and regulations, or FAA regulations, constitutes cause for immediate grounding. Any member shall be grounded immediately upon receipt of notice from the FAA or any officer of the club that a violation has occurred or is believed to have occurred.

Club Officers or the Board of Directors have the authority to ground, at their discretion, any member.

Notice of immediate grounding by the any officer of the club need not be written. Formal written notification of grounding will be mailed to the club member by the Board within five business days of non-written grounding. Grounded members may not operate any aircraft owned by the Springville Flying Club until such time as the Board of Directors releases, in writing, said member from such grounding.

Action taken by the Board of Directors will be final unless the Board otherwise so designates. Appeal, however, may be made at a special membership meeting called for that purpose as provided for by the articles of incorporation or these by-laws.

Members who have been notified of grounding and who thereafter fly a club's airplane while the grounding is in effect may be subject to a special assessment of up to \$500.00 per occurrence, unless some damage to the aircraft or passengers results, in which case the assessment may be up to 100% of all costs to the Club arising out of or related to the member's unauthorized flight, and not limited by the damages cap provided in section "X" below. The Board of Directors will determine the amount of the special assessment, if any, on a per incident basis based upon the facts and circumstances of the events.

Any disagreement with the Board of Directors shall be settled by the convening of a Board of Arbitration as follows: the member disagreeing with the Board or his legal representative shall select one member; the Board of Directors shall appoint one member. The two board of arbitration members thus selected shall choose a third member who shall not be a member of the Club. The majority vote of the Board of Arbitration shall constitute an award and such an award shall be valid and binding upon the parties as other contracts and may be impeached only for fraud or mistake and it shall be enforced by action provided by current State Law.

All financial obligations imposed on any member as a result of the decision of the Board shall be satisfied within thirty (30) days of written notice. Should a member fail to satisfy his financial obligations, all unsatisfied funds shall be deducted from the member's current membership value, the remainder of which shall be returned to the member with a cancellation of the membership in the Club. If unsatisfied funds still remain after deduction of the member's current membership value, and the cancellation of his membership, the member shall still be responsible for payment of that amount.

V. OPERATION OF AIRCRAFT

Each member must comply with all FAA Regulations and all local field rules and regulations at all times.

Members are required to complete an initial checkout ride with a board-approved certified flight instructor in each aircraft to be flown.

The Club aircraft shall not be loaned, leased, or otherwise given for use to non-Club members, nor shall they be used for hire, charter or other commercial purposes, air races, participation in air shows, towing gliders, or sport parachuting. It is the responsibility of each individual member to be sure he has complied with the Club's insurance requirements. Failure to comply with the Club's insurance requirements shall render the responsible member liable for the full amount of any costs arising out of or related to the responsible member's actions, without regard to the damages cap of section "X" hereunder.

The Springville Flying Club is a non-profit organization, and as such, the club aircraft are not to be used in any profit-generating endeavor. The club airplanes may be used occasionally for business trips where it is for the member's convenience, and the member is not being reimbursed in excess of the hourly rate charged for the aircraft being used. Use of the club aircraft for business where said use results in scheduling problems for other members may result in termination of club membership.

No one shall solo or act as pilot in command of a club aircraft unless he is a member of the Springville Flying Club and is approved for operation of the specific aircraft pursuant to Club rules and the requirements of the Club's insurance. The only exceptions to this rule shall be:

- a: For test purposes, which might be necessary after repairs, and then only by a person duly authorized by such agency making repairs.
- b: A certified flight instructor while giving instruction to a club member in a club aircraft.

Each member is encouraged to carry renter's insurance to protect the member for personal liability that could arise from the use of the club airplanes.

Each member not delinquent and who is in good standing shall be entitled to the use of club aircraft when they are not in use, and when they have not been properly reserved by another member in good standing.

Each aircraft shall be operated according to the operations manual that is supplied with the aircraft by the manufacturer of the aircraft. If said manual is not available there may be a list of operations and procedures and restrictions placed in the aircraft by the Secretary/Treasurer. It is the sole responsibility of the member responsible for the aircraft to be familiar with the requirements of such manual and to insure that the operation of the aircraft conforms therewith.

It shall be the responsibility of the pilot to see that all passengers and baggage are properly secured before any aircraft is flown. It shall also be his responsibility to see that the aircraft are either hangared or properly secured when not being flown.

Each member, prior to using a club aircraft, will give it a line inspection that will consist of checking all visible fittings, control surfaces, fuel and oil levels, and all surfaces of the aircraft in general. He will also check the condition of the wheels and tires, and if they need any air he will see to it that they are inflated to the proper pressure before operating the aircraft. If the line inspection reveals any defect with the aircraft that might affect the safety or performance of the aircraft, the aircraft will not be flown until the defect is corrected.

If any repairs are needed, the member will report this fact to the Maintenance Office or Secretary/Treasurer, who will then make arrangements to have these repairs made.

If a member causes ANY damage to club property they are to promptly report that damage to the Maintenance officer or a Board member. Failure to follow this rule may, at the Board's discretion, render the member liable for 100% of the costs arising out of or related to the damage not reported, without limitation as provided in section "X" below.

MEMBERS MUST FILL OUT THE FLIGHT SHEET BOTH PRIOR TO AND AFTER EACH TIME THEY USE THE PLANE. THIS MUST INCLUDE THE TACH READING BEFORE AND AFTER USE.

Club aircraft should always be operated in such a manner that there is a reasonable expectation of being able to make a successful emergency landing. Night flights, and flights under Instrument Flight Rules should be limited to conditions that will allow the pilot a reasonable opportunity to make a survivable emergency landing of the aircraft.

Normal operation of the club aircraft should be limited to public airstrips of at least 3000 feet in length, which are published on current WAC or Sectional Charts. Operation from other air strips is not expressly prohibited, but any pilot using other air strips must have received adequate training for the type of operations being undertaken, and may be held solely responsible for any accident, incident, or damage arising out of operations from such an airstrip if an investigation by the Safety board indicates pilot error as a factor responsible for the accident, incident, or damage.

Should a discrepancy be noted between the previously recorded final reading and the initial reading for the next flight, such fact should be noted in the remarks column of the Aircraft Trip Sheet, and the discrepancy brought promptly to the attention of the Secretary/Treasurer.

Planes are only to be left at another airport due to conditions relating to Weather or Mechanical or Cross Country operations. When a Club aircraft is left away from the home base for the convenience of the pilot, the pilot shall be responsible for the prompt return of the aircraft and all costs associated therewith.

ANY VIOLATION OF THESE PROCEDURES AND RESTRICTIONS WILL BE CONSIDERED A VIOLATION OF THE BY-LAWS AND DEALT WITH ACCORDINGLY.

VI. SCHEDULING

Members wishing to make cross-country flights are requested to post notice at least one day in advance in accordance with the club's then-current scheduling procedures. The Board of Directors will determine the scheduling procedures and make those procedures available in writing to all club members. Any change in the scheduling procedures will require the Board to notify all club members in writing prior to the effective date of the change in procedures.

Aircraft may be scheduled for periods up to ten days by making an advance reservation.. Requests to schedule aircraft more than 60 days in advance or for periods longer than ten days must be submitted in writing to, and approved by, the Board of Directors.

An advance reservation is considered to be a reservation made more than 12 hours prior to the actual flight.. A member is limited to one advance reservation for a weekend schedule per 30-day period. A weekend schedule is generally considered to be any flight in any club aircraft scheduled from Friday at noon through any time on Sunday. The purpose of restricting weekend schedules is to give all members an opportunity of using the club aircraft for cross-country flights during a weekend. If a member wishes to advance schedule 2 weekends in any given 30-day period, the second weekend cannot be scheduled more than 7 days in advance.

In considering weekend schedules, the following general rule will apply: The first pilot to schedule a plane in advance that prohibits another pilot from taking a plane cross-country during the weekend time frame will be considered to have made a week-end schedule. Any schedule made that does not interfere with another pilot's filed plans to take a plane cross-country on a weekend or does not prohibit the ability of other pilots to take the airplane cross-country on the weekend will not be considered a weekend schedule.

Any disputes or unclear definitions related to weekend schedules will be addressed on a per-instance basis by the Board of Directors. The Board of Directors will determine if a particular schedule constitutes a weekend schedule.

Club members WILL NOT work together to manipulate the scheduling of aircraft for more than 10 days or to manipulate weekend schedules. Manipulating schedules in this manor is cause for immediate grounding.

At other times the aircraft will be scheduled on a first-come first serve basis.

The information required for scheduling is: name of pilot, pilot's phone number, aircraft desired, time the aircraft is desired, and time the aircraft will be returned to the line serviced and ready for the next flight. Given the fact that scheduled flights are frequently cancelled by the primary pilot, members who wish to fly an aircraft already scheduled are urged to use the scheduling resources to mark themselves as a back up pilot or to be notified if the schedule should be changed.

Failure to show up and take control of the scheduled aircraft within two hours of the time a flight was scheduled to begin shall constitute release of the aircraft for the remainder of the period scheduled

No member shall leave an aircraft with less than ½ fuel upon returning unless fuel is not available at the time of the member's return. If no fuel is available upon the return then the member will refuel the aircraft within 48 hours. No member shall ever fly an aircraft with less than 1 hours' flying time worth of fuel.

Penalties: In the event a member fails to cancel a reservation of a club plane and notify any registered back-up pilot, or if a member fails to fuel a plane as outlined above, the following procedures and restrictions shall apply:

- a: Any member discovering said failure to cancel or to fuel is requested to enter a note in the remarks column of the trip sheet in the aircraft indicating that a particular reservation was not cancelled or the aircraft was not fueled.
- b: The pilot who failed to properly cancel and notify, or to fuel the aircraft, will then lose all advance reservation privileges for a period of 30 days. During that 30-day period, the offending member will only be allowed to use the planes if they are available at the time of the desired use.

Whenever a pilot returns an aircraft more than one day in advance of its scheduled arrival, he shall be responsible immediately upon landing for notifying any pilots who may have scheduled themselves as back up for any unused portion of the primary pilot's scheduled flight.

When aircraft cannot be returned as scheduled, the pilot shall immediately notify one of the club officers, by telephone, to indicate why the aircraft cannot be returned, when it will be returned, and provide a telephone number where the pilot can be contacted. If the return flight is further delayed, the pilot shall provide a Club officer with a revised time for return of the aircraft. The pilot shall also be responsible for contacting any other pilots whose scheduled flights may be affected by the delay in return of the aircraft.

The pilot of any aircraft that has developed malfunctions that render or are likely to render the aircraft or its systems (instruments, radios, et al) unsafe or inoperative, shall promptly upon landing notify the Maintenance Officer. As an act of courtesy, he should also notify other pilots whose scheduled flights may be affected by the malfunction, to the extent such notification is practicable.

Members agree to work with each other to provide a usage that is in the best interest of the club and other members.

The scheduling policy of these By Laws may be modified by the Board to provide optimum utilization of the aircraft to meet any circumstances that may arise.

VII. MAINTENANCE AND REPAIRS

Maintenance and repair costs will be paid for with the money collected from flying time charges and dues. If said money will not cover the costs, each member may be assessed according to the hours he has used the aircraft involved during the previous 24 months. The money collected by such assessments is to be used to pay for the balance of the repair bill.

Delinquencies of members assessed for repairs will be dealt with according to sections II and III of the club by-laws.

VIII. MEETINGS

The annual meeting of the corporation shall be held as designated by the Secretary/Treasurer, or at such place and time as may be designated by the Board of Directors.

The Board of Directors will notify club members no less than one week prior to the scheduled meeting date with confirmation of the regularly scheduled meeting or with new meeting information.

At the annual meeting a new Board of two Directors, and new President and Secretary/Treasurer are to be elected. The immediate past President will automatically become a Director on the new board. The President and

Secretary/Treasurer are to be considered a part of the Board of Directors, making a total of five Directors. Of the two newly elected directors, one shall be chosen to serve as the Membership Officer, and the other shall serve as the Safety Officer who will act as the chairman of the Safety Board.

Other business will be transacted as may properly be presented at the meeting.

Vacancies on the Board between annual meetings will be filled by appointment by the President with the approval of the Board of Directors.

The Board will appoint a new President should a vacancy be created in this office between annual meetings.

A Maintenance Officer will be appointed by the Board of Directors and will supervise the maintenance activities as outlined under paragraph IV.

Special meetings may be called for the membership at any time by the President and/or the Secretary/Treasurer, or by three members of the Board of Directors or by a majority of the membership, provided five days written notice shall be given of such meeting designating the purpose, time and place for the meeting to be held.

At every meeting of members, each member shall have only one vote as to each issue upon which votes are cast.

At any meeting of the members, a quorum shall consist of one-third of the members in good standing. At any meeting of the Board of Directors, a quorum shall consist of three Board members in good standing.

A majority vote of the members present is necessary for the adoption of any resolution or action and for the election of a member of the Board of Directors.

IX. DUTIES OF OFFICERS

The Officers of the Club shall consist of the members of the Board, and shall be elected by a ballot of Club members from the members in good standing at the Annual Meeting, and shall hold office for twelve (12) months in each office or until their successors are elected and qualified.

The Board of Directors shall administer the powers, business, and property of the Club.

The Board shall cause to be kept a complete record of its resolutions and actions, and provide members, at reasonable intervals, a summary statement of its proceedings in order that members may be fully and currently apprised of the affairs and condition of the Club.

The Board may engage salaried personnel from outside the Club membership to perform services in behalf of the Club as the Board deems appropriate and necessary.

The Board shall have the power and authority to promulgate and enforce all rules and regulations pertaining to the use and operation of the Club property and to do and perform or cause to be done and performed any and every act that the Club may lawfully do and perform.

President. The President shall preside over all meetings of the Club and enforce observation of the By Laws, call special meetings, appoint committees, sign checks, and perform such other duties as his office may require.

Directors:

Membership Officer. The Membership Officer shall be responsible for: recruiting, screening, and orienting new members to the Club; obtaining signed statements by new members agreeing to be bound by the Articles of Incorporation, and By Laws, etc; and upon being notified by the Secretary/Treasurer, the Membership officer will be responsible for taking action to correct any deficiencies in required documentation from the members. He will also

be responsible for soliciting and reviewing all membership applications, planning Club activities and programs for either regular or special meetings, and for the scheduling of aircraft for use by the members.

Safety officer. The Safety Officer shall be responsible for assuring that all members accomplish initial, bi-annual, or other proficiency check rides as required by the By Laws, or the FAA, or the Club's insurance carrier. The Safety Officer shall also be responsible for seeing that any safety violations are dealt with appropriately, and for acting as the chairman of the Safety Board.

In the absence of the President, one of the directors shall perform the duties of the Office or President.

Secretary/Treasurer. The Secretary/Treasurer shall act as both recording and corresponding Secretary/Treasurer; keep the minute book of the Club and records of all proceedings, together with records showing the name, address, and home and office telephone numbers of all members; notify insurance carrier of all changes in membership, maintain books, documents, and papers of the Club, including financial records; keep members informed of the activities of the Club; and perform such other duties connected with the operation of the Club as he may undertake at the suggestion of the President and Board of Directors. He shall receive and account for all money belonging to the Club; collect membership deposits, monthly dues, charges for flying, and other assessments; prepare annual financial statements; file Federal, State and Local tax returns as required; and pay all bills. He shall bill members for each calendar month before the end of the following month. The financial records of the Club shall be kept in such a fashion that the following separate categories of expense can be identified.

- a. Fixed Expenses. Those expenses that would be incurred even if the aircraft were not flown. Examples are home base tie down fee, insurance, depreciation, interest on loans, annuals, etc.
- b. Operating Expenses. Those expenses incurred as a result of flying the aircraft. Examples are fuel, oil, maintenance, engine use, etc.

The financial records will be kept so that the fixed and operating expenses for each aircraft can be identified separately.

Maintenance Officer. The Maintenance Officer shall be responsible for: maintaining current information in the logbooks of the aircraft; maintaining the aircraft in proper operating condition, by or under the supervision of a properly certified aircraft and power plant mechanic; obtaining all inspections, major overhauls and for compliance with all service bulletins for the aircraft; assuring that all papers required to be carried in the aircraft are in place and that all papers required upon completion of inspections and major repairs are executed and properly maintained.

No officer or member of the Springville Flying Club except the Secretary/Treasurer and Maintenance Officer shall be paid for any activities that he might perform for the good of the Club.

The Secretary/Treasurer and Maintenance Officer shall be paid per month in credit for the performance of his duties in an amount determined by the Board or membership.

X. ACCIDENTS, INCIDENTS, AND/OR DAMAGE TO CLUB PROPERTY

Any member who has an accident, incident, or who damages any club property while violating any of the Corporation rules or by-laws, any FAA Regulations, State Aviation Regulations, Insurance Requirements, or local field rules may be held solely responsible for all costs associated with the accident, incident, or damage.

Any damage to club property is to be reported promptly to the Maintenance Officer or a Board Member.

A pilot's financial responsibility for an accident, incident, or damage is determined by the Board of Directors, after investigation by the Safety Board.

The Safety Board shall consist of three (3) members. Two members are to be appointed by the Board of Directors, and the third member, the Club Safety officer, will act as chairman.

The Safety Board will be responsible for providing a safety program applicable to members, and, upon its own initiative or at the request of any member of the Board (of Directors) investigate and report on aircraft accidents, incidents, or damage involving either a member of the Club or any equipment belonging to the Club.

If a member of the Safety Board is involved in any accident, incident, or damage, the Board (of Directors) shall appoint a substitute for that member to serve on the Safety Board to investigate that particular accident, incident, or damage.

The Safety Board shall take all practicable steps necessary to ascertain the facts, conditions and circumstances of any accident, incident, or damage; shall arrive at conclusions regarding the probable cause and responsibility for each accident, incident, or damage; and shall make known to the Board of Directors and to all parties involved, its findings in the form of a written report for each accident, incident, or damage.

The Board of Directors, upon receipt of the findings of the Safety Board, shall offer to all parties involved in the accident, incident, or damage the opportunity of a hearing. After the hearing, or if such hearing is waived by the responsible members involved in the accident, incident, or damage, the Board of Directors shall decide the financial responsibility.

The Board of Directors shall make the final decision in regard to financial responsibility and the action to be taken and will report in full to Club members of the decision reached and the action taken or pending.

Any disagreement with the findings of the Safety Board and the Board of Directors shall be settled by the convening of a Board of Arbitration as provided above in section "IV."

All financial obligations imposed on any member as a result of any decision or action of the Board of Directors or Board of Arbitration shall be satisfied within thirty (30) days of written notice. Should a member fail to satisfy his financial obligations within that time, all unsatisfied obligations shall be deducted from the member's current membership value, the remainder of which shall be returned to the member with a cancellation of the membership in the Club. If unsatisfied obligations still remain after deduction of the member's current membership value, and the cancellation of his membership, the member shall still be responsible for payment of that amount.

In the event of damage to any club property due to pilot error, without neglect, as determined by the Board of Directors, the member responsible will be financially responsible for all costs arising out of or associated with the accident, incident, or damage to club property up to \$2,500.00. The Board of Directors will consider all costs to the club, including, without limitation, tangible, intangible, past, present, and future, costs and expenses, and make a determination as to the total amount a member is to pay up to the \$2,500.00.

Any member who has an accident, incident, or damage, where it is determined by the Board of Directors that there were no violations of any Club rules or any of the rules incorporated or referenced herein, will not be held solely responsible for costs arising out of or related to an accident, incident, or damage. Each member of the Club who has not terminated or requested termination of membership prior to the date the costs, damages, or expenses were incurred, will pay his proportionate share of such costs, damages, or expenses as decided by a meeting of the Officer and Directors of the Springville Flying Club. "Proportionate share," for purposes of this section, shall be proportionate to the members' club ownership, rather than proportionate to equipment usage.

XI. FLYING TIME COSTS

The amount charged per hour for flying time will be determined by the Board of Directors for each aircraft owned, leased, or rented by the Club. This amount will be set so as to pay for fuel, lubricants and maintenance costs.

Invoices for fuel and lubricants will be accepted for credit if said invoices have been paid by a member and proof is supplied that the fuel and lubricants were used in the aircraft involved. Invoices must contain the registration

number of the aircraft. Determination as to what constitutes adequate "proof" hereunder may be made by any officer of the club, subject to review by the Board if requested by a member.

Invoices more than ninety days old will not be accepted for credit.

XII. OFFICER LIABILITY

The Officers and Board of Directors of this corporation shall not be held liable for their actions, or failure to act, in the performance of their duties unless they are first found to be guilty of intentional, willful, malicious, gross negligence. Further, no bailment, or agency relationship shall exist between the corporation and any individual flying or operating any airplane owned by this corporation, that would impute any negligence on the part of these individuals to this corporation. Officers shall be reimbursed by the Club for liability or out of pocket expenses which they may suffer, including, without limitation, costs of suit and attorney fees, arising out of related to their performance of their Club duties, so long as they are not found to be guilty of intentional, willful, malicious, gross negligence

XIV. PROPERTY

All property owned outright, both real and personal, shall be in the name of the Club, unless financing of the new aircraft purchases requires members to be co-signers of the financial obligation incurred.

XV. EQUITY

The excess of the Club's assets over liabilities represents the equity members have in the Club. In the event the club is disbanded or otherwise liquidated, any equity will be prorated and distributed to each member in good standing at the time of the disbanding or liquidation of the Club.

XVI. AMENDMENTS TO BY LAWS

By Laws may be amended by a majority vote of all members in good standing (Proxy votes will be accepted). The By Laws shall not be amended unless any proposed amendment is mailed to members with notice of the meeting at which the vote is to take place.