

# Bylaws of North Jersey Flying Club, Inc.

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## Article I — Name, Purpose, and Offices

**Section 1.1 Name.** The name of the corporation is North Jersey Flying Club, Inc. (the “Club”).

**Section 1.2 Nature.** The Club is a nonprofit corporation organized under the New Jersey Nonprofit Corporation Act (Title 15A of the New Jersey Statutes) and is intended to operate exclusively as a tax-exempt social and recreational club within the meaning of Section 501(c)(7) of the Internal Revenue Code.

**Section 1.3 Purpose.** The Club is organized and operated for the pleasure, recreation, and other non-profit purposes of its members — specifically, to provide members with access to well-maintained aircraft for their personal use and enjoyment, to promote safe and affordable flying, and to foster fellowship among members who share an interest in aviation. The Club provides its members the opportunity for personal contact, commingling, and fellowship.

**Section 1.4 No inurement.** The Club shall not be operated for profit, and no part of its net earnings shall benefit any member, director, officer, or other private individual. This does not prevent the Club from paying reasonable compensation for services actually rendered, or from making the payments and distributions these Bylaws expressly allow — including repayment of member loans, the payout on transfer of a membership under §6.6(c), and the distribution of remaining assets on dissolution.

**Section 1.5 Registered office and agent.** The Club shall continuously maintain a registered office and a registered agent in New Jersey, as required by law and as stated in the Club’s certificate of incorporation.

**Section 1.6 Operating location.** The Club may operate from one or more airports as the Board determines. Relocating the Club’s principal operating base is a Major Decision (§4.9). Where the Club must relocate on a deadline it does not control — because an airport, lessor, or authority requires it — the shortened-notice procedure in §4.9 applies.

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## Article II — Flying-Club Compliance Rules

**Section 2.1 Members-only operation.** Only members — and approved instructors and mechanics, and pilots the Board designates for maintenance, positioning, or ferry flights, as provided in the Operating Procedures — may operate Club aircraft. Neither the Club nor any member may use Club aircraft to offer or conduct charter, air-taxi, or aircraft-rental operations, or hold the Club out to the public as a fixed-base operator, flight school, or maintenance facility. No member, including a member who is a flight instructor, may use Club aircraft to provide flight instruction to a person who is not a member.

**Section 2.2 Cost recovery.** The Club shall not derive more revenue from the use of its aircraft than is needed for the operation, maintenance, and replacement of those aircraft. This does not prevent the Club from holding reserves and carrying a positive balance to fund future maintenance, engine and propeller overhauls, and the replacement or acquisition of aircraft. Such reserves shall be clearly allocated to those purposes and are not distributed to members except on dissolution ([Article XIII](#)).

**Section 2.3 Equal economic treatment.** No member shall receive a reduced rate, reduced dues, or any other economic preference in exchange for a capital contribution or loan. Every member is billed the same buy-in, the same dues, and the same rates for the same aircraft, except for differences tied to actual operating cost (for example, a higher hourly rate for a more expensive aircraft).

The Club may separately owe money to a member, and may apply what it owes as a credit against that member's account. A credit does not change the buy-in, dues, or rates billed to the member, which remain the same as every other member's, and the Club's records show the amount billed and the credit applied in full. The Club may credit a member's account only for:

- (a) reasonable compensation for services actually rendered ([§8.6](#));
- (b) consideration the Club owes under a written aircraft lease approved under [§9.1](#);
- (c) repayment of a member loan or refundable deposit ([§6.5](#)); and
- (d) reimbursement of documented out-of-pocket expenses ([§8.6\(a\)](#)).

Nothing else may be credited against a member's account.

**Section 2.4 Nonmember income.** The Club shall keep its nonmember and investment income<sup>[1]</sup> within the limits required to maintain its 501(c)(7) status. The Club shall not make its aircraft available to non-members, or hold itself out as serving the public, and shall keep incidental nonmember receipts — for example, from a social event or the sale of Club merchandise — within those limits. Nothing in this Section permits the Club or any member to receive compensation for carrying any person, and no guest may be charged for a flight. The Treasurer shall track member versus nonmember receipts.

**Section 2.5 Required filings.** The Club shall apply for and maintain its federal 501(c)(7) tax-exempt status, and shall timely file its annual IRS Form 990-series return, its New Jersey annual report, and any documents required by the airport sponsor.

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## Article III — Membership

**Section 3.1 Eligibility.** Membership is held only by natural persons. A corporation, limited liability company, partnership, trust, or other entity may not hold a membership, and a membership may not be held jointly. Membership is open to individuals who hold at least an FAA Private Pilot Certificate, meet the Club's insurance, checkout, and proficiency requirements as set in the Operating Procedures, and are approved as provided below. The Club does not admit student pilots. The Club does not discriminate in admitting members, or in the rights and privileges of membership, on the basis of race, color, religion

or creed, national origin or ancestry, sex, pregnancy, gender identity or expression, affectional or sexual orientation, marital or domestic partnership status, familial status, age, disability, genetic information, military or veteran status, or any other basis prohibited by law. The Operating Procedures may set additional pilot criteria — for example, minimum total time, time in type, endorsements, and higher requirements for specific aircraft such as high-performance aircraft — based on the Club's insurance requirements and safety needs. Membership is limited in number as the Board determines based on fleet capacity.

**Section 3.2 Membership classes and designations.** The Club has two classes of membership — Regular and Inactive. Founding Member is a designation held by certain Regular Members during the Founding Period, not a separate class; a Founding Member is a Regular Member and is counted as one wherever these Bylaws refer to Regular Members.

(a) **Regular Member** — a member in good standing who holds one membership, with full flying privileges and one vote, subject to the Founding-Member provisions of [Article V](#) during the Founding Period.

(b) **Founding Member** — a Regular Member who qualifies under [Article V](#). Founding-Member status carries the governance rights described in [Article V](#) during the Founding Period and nothing more; a Founding Member's economic terms are identical to every other member's.

(c) **Inactive Member** — a member who has been granted inactive status by the Board, has elected it after six months on the Exit List ([§6.6\(d\)](#)), or has died ([§6.10](#)). An Inactive Member holds their membership but has no flying privileges, no vote, and dues suspended for the period and on the terms set in the Operating Procedures. A member is not a Regular Member while inactive, so any Founding-Member designation is suspended for that period and resumes if the member returns to Regular status. Assessments under [§6.4\(a\)](#) continue to apply to an Inactive Member, whose membership shares in the Club's assets on the same terms as any other.

**Section 3.3 Admission.** An applicant becomes a member upon (i) Board approval of the application, (ii) payment of the membership buy-in ([Article VI](#)), and (iii) signing the Membership Agreement and the liability release/waiver. A member shall complete the required checkout before exercising flying privileges.

The Board shall decide an application within 60 days of receiving it and shall give the applicant its decision in writing. A buy-in paid before admission is complete is held for the applicant and is not Club income; if the applicant is not admitted, or withdraws before admission is complete, it is refunded in full.

**Section 3.4 Rights of members.** Each Regular Member in good standing may use Club aircraft under the Operating Procedures, attend membership meetings, and vote as provided in these Bylaws (subject to [Article V](#)).

Flying privileges are personal to the member: a spouse, partner, or family member must hold their own membership to fly.

**Section 3.5 Obligations.** Members shall pay dues, assessments, and usage charges when due, together with any late charges, collection costs, and other amounts that become due under these Bylaws (§11.3); comply with these Bylaws, the Operating Procedures, and all FAA regulations; operate and care for Club aircraft in accordance with the Operating Procedures and the manufacturer's recommended procedures; maintain required currency and proficiency; and conduct themselves consistent with the Club's safety-first culture.

**Section 3.6 Good standing.** A member is in good standing if current on all financial obligations and not under suspension. Delinquency or rule violations may result in loss of scheduling and flying privileges, suspension, or termination as provided in [Article XI](#).

**Section 3.7 Transfer of membership.** A membership is transferable only through the Exit List and transfer process in [Article VI](#), and may not be sold, pledged, or assigned by a member privately.

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## Article IV — Meetings of Members

**Section 4.1 Annual meeting.** The Annual Meeting of the members is held each January to elect directors as scheduled under [Article VII](#), receive reports, and conduct other business. Failure to hold the Annual Meeting does not affect the validity of any Club action; directors continue in office until their successors are elected, and any member may request that the Board call the meeting.

**Section 4.2 Regular meetings.** Membership meetings are held at least quarterly, and may be held more often (for example, monthly) as the Board or the membership decides. The January Annual Meeting counts as that quarter's regular meeting.

**Section 4.3 Special meetings.** A special meeting may be called by the President, by a majority of the Board, or on the written request of at least one-third of the voting members.

**Section 4.4 Notice.** Written or electronic notice stating the date, time, place (or remote-access method), and — for a special meeting — the purpose, shall be given not fewer than 10 nor more than 60 days before the meeting.

Notice is given by email to the address each member keeps on file with the Secretary, or by any other method the member has agreed to, and is effective when sent. Each member is responsible for keeping that address current. A member waives notice by attending the meeting without objecting to the notice at its outset, or by written waiver before or after the meeting.

**Section 4.5 Quorum.** A quorum for a meeting is one-third of the members entitled to vote at that meeting, present in person or by proxy.

**Section 4.6 Voting.** Except as [Article V](#) or these Bylaws provide otherwise, each Regular Member has one vote. The approval margin for any matter is set in [§4.9](#).

**Section 4.7 Proxies.** A voting member may vote in person or by written or electronic proxy given to any other member or to a director of the member's choice. A proxy may be a standing proxy (for example, naming a director as the member's default proxy until revoked) and is revocable at any time; the member may direct how it is voted or leave that to the proxy-holder. A member may instead give a quorum-only proxy, which counts the member toward quorum but casts no vote (treated as an abstention), so a member can help the Club reach quorum without delegating their vote. Unless it states a different period, a proxy is valid for 11 months from its date, and no proxy is valid for longer than New Jersey law allows; a standing proxy is renewed as needed to stay valid.

A proxy-holder shall not vote an undirected proxy on the holder's own election or removal as a director or officer, or on the holder's own compensation. A member may direct how their proxy is voted on any matter, and the notice of meeting shall state the matters expected to come to a vote so members may do so. A proxy-holder shall state at the meeting how many proxies they hold.

**Section 4.8 Action without a meeting.** Members may act without a meeting only as N.J.S.A. 15A:5-6 permits — by the unanimous written or electronic consent of the voting members, or by consent of the minimum number of votes needed to approve the action, given after notice to all members.

**Section 4.9 Major Decisions and approval thresholds.**

**“Major Decisions”** are: (a) acquiring (by purchase or lease) or selling an aircraft, materially amending an aircraft lease, or voluntarily terminating an aircraft lease before the end of its term; (b) incurring, guaranteeing, or refinancing debt above \$5,000, other than trade payables and the financing of insurance premiums in the ordinary course; (c) relocating the principal operating base; (d) setting or materially changing the membership buy-in ([§6.1](#)); (e) special assessments above \$500; (f) amending these Bylaws or the certificate of incorporation; (g) dissolution, merger, or the sale or disposition of substantially all of the Club's aircraft (approved as provided in [§13.1](#)); (h) removing a director, or the President, Treasurer, or Secretary; and (i) expelling a member for cause (after notice and a hearing, per [Article XI](#)).

**Board authority under an approved contract.** Once the members have approved an aircraft purchase or lease, the Board may exercise the Club's rights, options, elections, and remedies under it — including extension, renewal, non-renewal, notice of breach, and termination for cause — without a further member vote. Exercising a right of first refusal to purchase an aircraft remains a Major Decision.

**Shortened notice for contractual deadlines.** Where a contract binding the Club sets a deadline that cannot be met using the notice period in [§4.4](#), the President may call a special meeting on not fewer than five days' notice, or the Board may put the question to the members by electronic ballot under [§4.8](#). The notice shall state the deadline and the reason for the shortened period.

Proxies count toward quorum and, unless given as quorum-only, toward the vote ([§4.7](#)). Unless the table below requires more, action is by a majority of votes cast at a meeting with a quorum.

A Major Decision requires the margin shown in the table below.<sup>[2]</sup> During the Founding Period the members entitled to vote on a Major Decision are the Founding Members ([Article V](#)); afterward, all voting members.

| Matter                                                                                                                                                                                                                         | Required approval                                                                                                                             |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| Major Decisions                                                                                                                                                                                                                | Two-thirds of votes cast, and in no case fewer than a majority of all members entitled to vote                                                |
| Dissolution, merger, or sale of substantially all aircraft                                                                                                                                                                     | Unanimous vote of all directors then in office, plus ratification by two-thirds of all members entitled to vote ( <a href="#">§13.1</a> )     |
| Routine resolutions; election of directors and officers; approving unbudgeted non-maintenance spending above the Board’s limit that is not a Major Decision; approving a dues increase above the limit in <a href="#">§6.2</a> | Majority of votes cast at a quorate meeting                                                                                                   |
| Ordinary business and spending managed by the Board                                                                                                                                                                            | Board majority; budgeted items and routine, scheduled, or necessary maintenance at any amount, plus other unbudgeted items up to \$2,500 each |

**Section 4.10 Founding-Member meetings.** During the Founding Period, matters reserved to the Founding Members ([§5.4](#)) are decided at a meeting of the Founding Members, held separately from a meeting of the members. Both may be called by the same notice and held on the same day, one after the other.

Any member may attend a Founding-Member meeting. In all other respects this Article governs such a meeting as it governs any other, counting only Founding Members — for notice, for the right to call a meeting, for quorum, for proxies, and for the vote. This Section expires with [Article V](#).

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## Article V — Founding Members and the Founding Period

**Section 5.1 Purpose.** The Founding Members are the individuals who take on the greatest responsibility for launching the Club — by contributing capital above the standard buy-in, personally guaranteeing Club financing, and/or devoting substantial time and effort to organizing, incorporating, and operating the Club in its early period. Founding-Member governance serves two purposes: to keep the Club established and run according to its founding principles — safe, affordable flying — during the critical startup period; and to protect the members who put the most at risk to get the Club off the ground. To those ends, these Bylaws place authority over Major Decisions with the Founding Members during the Founding Period, after which governance reverts to all members equally. Founding-Member status is a governance mechanism only and confers no superior economic right.

**Section 5.2 Who is a Founding Member.** A member is a Founding Member if, on or before December 1, 2027, the member (a) contributed capital above the standard buy-in as a member loan or refundable deposit under [Article VI](#), (b) personally guaranteed Club financing, and/or (c) served on the initial Board or otherwise contributed substantial organizing effort as the initial Board recognizes — and (d) is designated as a Founding Member in the Club’s records. The Board designates Founding Members; the Secretary records them and makes the list available to members ([§8.4](#)).

**Section 5.3 Equal economics preserved.** A Founding Member pays the same buy-in, dues, and hourly rates, and has the same aircraft access, as every other member. The only distinctions of Founding-Member status are the governance rights in this Article. Repayment of a Founding Member’s loan or deposit is governed solely by [Article VI](#).

**Section 5.4 Voting during the Founding Period.** During the Founding Period, only Founding Members vote on Major Decisions, each having one vote, and only Founding Members elect directors and fill vacancies ([§§7.3\(c\), 7.4](#)). All other matters are decided by the full voting membership under [Article IV](#), except that amending [§5.5](#) requires the approval of a majority of all Regular Members. The required margin for every matter is set in [§4.9](#).

**Section 5.5 Duration and automatic sunset.** The Founding Period begins on incorporation and ends automatically on the earliest of:

- (a) the date on which (i) all Founding-Member surplus loans and deposits have been repaid in full, (ii) all member personal guarantees of Club financing have been released,<sup>[3]</sup> (iii) the Club has maintained at least 30 Regular Members (Founding Members included) for six consecutive months, and (iv) the Club has had positive operating cash flow for six consecutive months. For this purpose, operating cash flow means cash received from dues, usage charges, and other operating revenue, less cash operating expenses and debt service, excluding buy-ins, member loans and deposits, and assessments;
- (b) the 36-month anniversary of incorporation; or
- (c) a date the Founding Members vote to end it early, at the margin for a Major Decision ([§4.9](#)).

On sunset, this Article expires, Founding-Member voting ends, and every Regular Member votes equally on all matters under [Article IV](#). The reversion is automatic and requires no further vote.

Amending this Section requires, in addition to the margin in [§4.9](#), the approval of a majority of all Regular Members, whether or not they are Founding Members. The Founding Period cannot be extended without the consent of the members it is exercised over.

**Section 5.6 No economic entrenchment.** Nothing in this Article allows Founding Members to receive distributions, reduced dues or rates, or any economic benefit not equally available to all members.

## Article VI — Finances: Buy-In, Dues, Rates, Member Capital, and Exit

**Section 6.1 Membership buy-in.** On admission, each member pays a one-time buy-in for one membership. A membership entitles the member to the rights these Bylaws provide and to the payout on transfer under §6.6(c). The buy-in is equal for all members and is set in the Club's [fee schedule](#) (initially \$5,000). Materially changing the buy-in is a Major Decision (§4.9) and applies only to members who join after the change. A change is material if it raises or lowers the buy-in by more than \$1,000, whether at once or cumulatively within any 12-month period.

**Section 6.2 Dues.** Members pay monthly dues, set by the Board and published in the fee schedule (initially \$150 per month), billed whether or not the member flies. Dues fund the Club's fixed costs. If no Club aircraft has been available to members for more than 90 consecutive days, the Board shall review dues and may suspend or reduce them, taking account of the Club's continuing fixed costs. The Board shall give members at least 30 days' notice before a change in dues takes effect. An increase that would raise monthly dues by more than 25% in any 12-month period requires approval of the members (§4.9).

**Section 6.3 Usage charges.** Members pay an hourly usage charge for each aircraft, measured by wet tach time, at rates set by the Board and published in the [fee schedule](#). Usage charges fund direct operating costs and reserves.

Because the rate is wet, part of it reflects the cost of fuel, which the Club may not know until the month has closed. The Board may therefore determine the fuel component of the rate for a month after that month ends, based on fuel actually purchased, provided the method for doing so is published in the fee schedule in advance. Apart from that fuel component, a change in rates applies only to flights flown after the change takes effect.

### Section 6.4 Assessments and voluntary contributions.

(a) **Mandatory assessments.** The Board may levy a special assessment for extraordinary needs. A mandatory assessment shall be equal for all members, Regular and Inactive alike (the total divided by the number of members). An assessment, or assessments totaling more than \$500 per member in any 12-month period, is a Major Decision (§4.9).

(b) **Voluntary contributions.** Members may voluntarily contribute — individually or as a group — toward a specific Club purpose or aircraft improvement (for example, an avionics or engine upgrade), without charging the rest of the membership. No member is compelled to participate; the improvement and any resulting asset remain Club property available to all members; and a contributing member receives no exclusive use, priority, or ownership right in exchange. The Board documents each contribution as a non-refundable capital contribution or, if the contributors and the Board agree, as a member loan or refundable deposit under §6.5. An aircraft with higher operating cost may carry a higher hourly rate that its users pay (§6.3).

### Section 6.5 Member loans and capital contributions.

(a) A member may, at any time during the life of the Club, lend money to the Club or contribute capital above the standard buy-in — for example, founders funding startup and the first aircraft, or any member later helping fund a Club purpose. Such a loan or contribution does not enlarge the member's membership and confers no additional economic or ownership right. It is documented as either a member loan (evidenced by a written promissory note) or a refundable capital deposit (recorded as a Club liability).

(b) Each loan or contribution shall have written terms: principal; the interest rate, if any (member loans are expected to be non-interest-bearing, but the Club may agree to a reasonable, stated rate where warranted); repayment schedule and priority; and subordination to any institutional aircraft lender as required.

(c) **Repayment priority and enforcement.** Member loans and deposits are obligations of the Club, senior to any return of a member's buy-in, and are payable on their written terms. They are enforceable against the Club like any other debt. No member vote is required to pay them, and no member vote may defer, reduce, or extinguish them without the creditor-member's written consent, except as applicable law or an agreed subordination requires. The Board shall pay them as they come due out of Club funds (for founder surplus contributions, consistent with the plan to reduce founders toward the standard buy-in).

If the Club lacks the funds to meet an obligation when due, the Board may propose an assessment under §6.4(a); a member to whom the obligation is owed is recused from that vote (§8.7(b)). Failure to approve an assessment does not excuse the obligation, and the Board shall meet it by other lawful means. On dissolution, these obligations are paid (with other creditors, including any aircraft lender) before any distribution of remaining assets to members.

(d) **No status benefit.** A loan or deposit does not entitle a member to reduced dues or rates, enhanced voting (except Founding-Member status under Article V, which is governance-only and available only for qualifying founder contributions made by the enrollment cutoff), or any preference other than the repayment terms of the instrument itself.

## **Section 6.6 Exit and transfer of a membership.**

(a) **Transferable membership.** A membership is transferable. As a rule, the Club does not repurchase memberships out of operating funds; a departing member's membership transfers to an approved incoming member, and the incoming member's buy-in funds the payout to the departing member.

(b) **Exit List.** A member wishing to leave notifies the Board and is placed on the Exit List in order of request. A member terminated under §11.3(b) or expelled under §11.4 is placed on the Exit List as of the date of termination or expulsion. As approved new members join, their buy-ins are applied to transfer the memberships of members on the Exit List, in order.

A member may withdraw from the Exit List at any time before their membership transfers; a later request places the member at the end of the list. The Board shall use reasonable efforts to fill membership vacancies, and shall report the status of the Exit List to the members at each Annual Meeting.

(c) **Payout amount.** On transfer, the departing member receives the lesser of (i) 90% of the buy-in that member paid for their membership, whether paid in cash or satisfied by a credit under §2.3, and not the current posted buy-in; and (ii) the buy-in the Club receives from the incoming member. The Club retains the balance as a transfer fee for administrative cost and reserves. The payout is capped at that amount and does not include any share of the Club's retained earnings or asset appreciation. *(Examples: a member who paid \$5,000 receives \$4,500, even if the buy-in for new members has since risen to \$7,500. But if the buy-in has fallen to \$3,000, that member receives \$3,000 — the payout can never exceed what the incoming member pays.)*

(d) **Obligations pending transfer.** Until their membership transfers, a member on the Exit List remains responsible for dues and charges, except that after six months on the Exit List the member may elect Inactive status without further Board approval, suspending dues per the Operating Procedures until the membership transfers.

(e) **Board-discretionary early buy-back.** Even without an incoming member, the Board may, in its sole discretion and only if the Club's cash reserves are sufficient without impairing operations or required reserves, buy back a departing member's membership on the payout terms in §6.6(c). This is discretionary, not a member right, and creates no Club obligation.

(f) **No guaranteed timing.** Except under §6.6(e), the Club does not guarantee when a membership will transfer; transfer depends on a new approved member joining.

(g) **Guarantor priority.** If a member has paid under a guaranty of Club financing, that member is reimbursed before any payout under this Section resumes (§9.2(b)). Transfers on the Exit List are suspended until the Guarantor has been reimbursed in full.

(h) **Minimum term.** A member may not be placed on the Exit List until 18 months after admission. The Board may permit an earlier exit for extenuating circumstances, on terms it sets, including payment of some or all of the dues that would otherwise fall due through the 18th month. This Subsection does not apply on the death of a member (§6.10), or where the Club terminates a membership under §11.3(b) or expels a member under §11.4.

**Section 6.7 Reserves, budget, and financial procedures.** The Board shall adopt [Financial and Administrative Procedures](#) setting how the Club allocates incoming funds to reserves — maintenance, engine and propeller overhaul, insurance, insurance deductibles, replacement, obligations owed at the end of an aircraft lease, and contingencies — and how it budgets and reports. The Treasurer maintains the reserves and prepares the budget — including a three-year rolling budget — in accordance with those Board-adopted procedures, not at the Treasurer's sole discretion. Surpluses shall be clearly allocated to future maintenance and replacement reserves as those procedures provide.

**Section 6.8 Banking and books.** Club funds are held in the Club's name. The Treasurer keeps the Club's books and, to support the Club's 501(c)(7) status, records member income and nonmember income separately.

Financial records are retained at least three years. Records establishing the Club's cost basis in an aircraft or other asset are retained for as long as the Club holds the asset and three years after it is disposed of. Aircraft maintenance records and logbooks are retained for as long as the Club holds the aircraft and delivered with it on sale or on return of a leased aircraft.

**Member inspection.** A member in good standing may inspect the Club's books, minutes, and membership roll on reasonable written notice stating a purpose reasonably related to the member's interest as a member, at a reasonable time and place. The Club may withhold another member's personal contact information and any record it is contractually or legally required to keep confidential. This Section does not limit any inspection right New Jersey law gives members.

**Section 6.9 Fiscal year.** The fiscal year is the calendar year, January 1 through December 31.

**Section 6.10 Death of a member.** On a member's death, the membership becomes Inactive (§3.2(c)) and is placed on the Exit List (§6.6(b)), both effective on the date of death rather than the date the Club learns of it. No dues accrue after that date, and any dues billed for a period after it are credited. A membership is not inheritable. The payout under §6.6(c), less any amounts owed to the Club, is paid to the member's estate when the membership transfers. The Board may, in its discretion and if reserves allow, use the early buy-back (§6.6(e)) to pay the estate without waiting for a new member to join.

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## Article VII — Board of Directors<sup>[4]</sup>

**Section 7.1 Powers.** The business and affairs of the Club are managed by the Board of Directors (the "Board"), except for matters reserved to the members under Article IV and §4.9 — or, during the Founding Period, to the Founding Members under Article V.

**Section 7.2 Number of directors.** The Board consists of three directors — the President, the Treasurer, and the Secretary.

### **Section 7.3 Initial board; nominations, elections, and terms.**

(a) **Initial Board and offset terms.** The initial Board — President, Treasurer, and Secretary — is named in the Club's certificate of incorporation and takes office at incorporation. So that the seats do not all turn over at once and the Club keeps continuity of leadership, the initial terms are offset: the initial Treasurer serves until the close of the Annual Meeting in January 2029, and the initial President and Secretary until the close of the Annual Meeting in January 2030 (each serving until a successor is elected).

(b) **Regular elections and terms.** At each January Annual Meeting, the members elect the director whose term is expiring. A director's term runs from the close of the Annual Meeting at which they are elected until the close of the Annual Meeting two years later, and continues until a successor is elected. Because of the offset in (a), the Treasurer is elected in odd-numbered years (first in January 2029) and the President and Secretary in even-numbered years (first in January 2030), so part of the Board always carries over. There is no limit on the number of terms a director may serve; a director may be re-elected indefinitely.

(c) **Electorate.** During the Founding Period, directors are elected by the Founding Members; afterward, by the full voting membership.

(d) **Nominations and voting.** Any member in good standing (or, during the Founding Period, any Founding Member) is eligible to serve as a director. Before each Annual Meeting at which a seat is up, the Board — or a member it designates — shall solicit and announce candidates, and additional nominations may be made from the floor. If there are more candidates than open seats, the election is by secret ballot (written, or by a secure electronic method for an online or hybrid meeting); otherwise the seat may be filled by voice vote or acclamation. A director is elected by a majority of the votes cast; if no candidate for a seat receives a majority, a run-off is held between the two candidates with the most votes, and any remaining tie is decided by lot. Newly elected directors take office at the close of the Annual Meeting, the predecessor serving until then.

**Section 7.4 Vacancies.** If fewer than two directors remain in office, any two members may call a special meeting under §4.3 to elect a full Board, and the members shall do so. Otherwise, if a director's seat becomes vacant, the remaining directors appoint an interim director, and the seat shall be filled by election within 60 days — by the membership, or by the Founding Members during the Founding Period (§5.4). The interim director serves until a successor is elected, and the elected director serves the remainder of the term.

**Section 7.5 Removal.** A director, and any of the President, Treasurer, and Secretary, may be removed with or without cause at the margin set in §4.9. An officer the Board appointed under §8.5 may be removed by the Board.

**Section 7.6 Board meetings and quorum.** The Board meets at least quarterly. A quorum is a majority of the directors. The Board may act without a meeting by unanimous written or electronic consent, as permitted by N.J.S.A. 15A:6-7.

#### **Section 7.7 What the Board decides vs. what the members decide.**

(a) **Board decisions.** The Board manages the Club's ordinary business and may, without a member vote: (i) approve any expenditure provided for in the approved budget or Financial Procedures; (ii) approve routine, scheduled, and necessary maintenance and airworthiness expenses — including annual and 100-hour inspections, servicing, repairs, and compliance with airworthiness directives — and reasonable unexpected maintenance needed to keep an aircraft airworthy or return it to service; and (iii) approve other unbudgeted expenditures up to \$2,500 per item. The Board also adopts and amends the Operating Procedures, the [Financial and Administrative Procedures](#), and the [fee schedule](#) (§14.2).

(b) **Member decisions.** All other matters reserved to the members — Major Decisions, and unbudgeted, non-maintenance expenditures above the Board's limit — are decided as provided in [§4.9](#).

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## Article VIII — Officers

**Section 8.1 Officers and the Board.** A director is a person elected by the members to the governing Board, which holds ultimate authority over the Club's affairs ([Article VII](#)). An officer is a person who carries out a defined operational role. The two are distinct roles, though the same person may hold both. In this Club, the three principal offices — President, Secretary, and Treasurer — are filled by the three directors holding the corresponding Board positions (each director serves as, and holds the duties of, the like-named officer). The Board may appoint additional officers as provided in [§8.5](#).

**Section 8.2 President.** Presides at meetings, leads the Club's operations and its external relationships (airport, insurer, lender), and executes documents on the Club's behalf as authorized.

**Section 8.3 Treasurer.** Keeps the Club's financial records and reserves; bills and collects dues and charges; pays obligations; prepares the budget and financial statements; arranges required filings and any audit; and tracks member versus nonmember income ([§6.8](#)).

**Section 8.4 Secretary.** Keeps minutes and Club records, gives notices, and maintains the membership roll, the Founding-Member list, and the Exit List.

**Section 8.5 Additional officers.** The Board may appoint additional officers as the Club grows; an appointed officer carries out assigned duties but is not, by virtue of the office alone, a member of the Board. Common additional officers and their roles are:

- **Vice President** — assists the President and acts in the President's place when the President is absent or unable to serve.
- **Safety Officer (Chief Pilot)** — leads the safety program and oversees checkouts, currency, and proficiency, and may ground an aircraft or suspend a member's flying privileges for safety cause ([§11.2](#)).
- **Maintenance Officer** — coordinates maintenance, inspections, squawk resolution, and aircraft records with the Club's mechanic(s).
- **Social Officer** — organizes meetings, events, and member communications.

The Board may also appoint other officers or roles and define or adjust their duties in the Operating Procedures or other Board-adopted documentation, without amending these Bylaws.

### Section 8.6 Officer compensation.

(a) **Service is voluntary.** Except for compensation approved under [§8.6\(b\)](#), officers and directors serve without compensation. The Club shall reimburse actual, documented, reasonable out-of-pocket expenses under an accountable-expense policy, which is not compensation.

(b) **Compensation for working officers.** Because some officers perform substantial ongoing administrative work — initially and typically the President and Treasurer — the Club may pay reasonable compensation for specified administrative services. Compensation is stated as a dollar amount and applied as a credit against the officer's Club account (§2.3). It is not a reduced rate, a dues waiver, or a discount: a compensated officer is billed the same buy-in, dues, and hourly rates as every other member, and the Club's records show the amount billed and the credit applied in full.

The members may, by vote, decide which officer positions are compensated and in what amount — extending it to another officer whose workload warrants it, or reducing it to one officer or to none — as the work changes over time. The amount for each is set in a compensation schedule, kept with the Club's official records and recorded in the minutes of the meeting that approves it, and may be adjusted for workload and membership size. Because a compensated officer may also sit on the Board, the compensation schedule must be approved by a majority of the votes cast at a meeting with a quorum (by the members, or the Founding Members during the Founding Period), not by the Board alone, with any officer to be compensated recused from the vote. Any such compensation:

- (i) must be approved in advance and documented in the minutes (amount, basis, and recusal);
- (ii) must be reasonable for the services rendered and supported by available comparable information;
- (iii) is compensation for services actually rendered, shall not exceed what is reasonable, shall not be a distribution of the Club's net earnings, and shall be reviewed at least annually; and
- (iv) is not intended by the Club or the officer, by itself, to create an employment relationship, and the Club shall make all classifications and filings required by law.

**Section 8.7 Conflict of interest.** The Club shall maintain a conflict-of-interest policy.

(a) **Directors and officers.** A director or officer with a material personal interest in a matter shall disclose it to the Board, and the disclosure shall be recorded in the minutes. The interested person may present information and answer questions, but shall not take part in the deliberation and shall not vote on the matter. Each director and officer shall provide a written disclosure statement annually.

(b) **Members.** A member with a material personal interest in a matter before the members — an interest other than the one the member holds in common with the membership generally — shall disclose it before the vote and shall not vote on that matter. A member's ordinary interest in dues, rates, assessments, or the Club's aircraft is held in common and does not require recusal.

**Section 8.8 Handover.** Club records, funds, accounts, and administrative access belong to the Club, not to the person holding an office. A director or officer whose service ends shall promptly deliver to their successor or the Board everything they hold in that role — records, funds, keys, credentials, and access to Club accounts and systems — and shall not retain sole control of any of them.

## **Article IX — Aircraft, Insurance, and Guarantor Protection**

**Section 9.1 Ownership and leasing.** Club aircraft are ordinarily owned by, and registered in the name of, the Club. The Club may also lease aircraft, under a written lease that is exclusive to the Club and complies with the flying-club requirements of FAA Order 5190.6B, for no more than fair market value supported by an appraisal or documented comparable terms.

A member may lease an aircraft to the Club, or may become a member after leasing one. The member's economic terms of membership are unaffected (§2.3), and the conflict-of-interest rules govern the approval (§8.7).

**Section 9.2 Guarantor protection.** Where a member (a “Guarantor”) personally guarantees Club financing:

(a) the Club shall sign a written Indemnification Agreement — before or at the time the guaranty is given — holding the Guarantor harmless for any amount they pay under the guaranty, together with reasonable costs. That Agreement may also include terms the Club and the Guarantor agree on regarding additional Club debt while the guaranty is outstanding;

(b) any amount a Guarantor pays under a guaranty becomes a first-priority obligation of the Club, senior to any member refund, membership payout, or distribution, and is repaid to the Guarantor before those payments resume (§6.6(g)). No member vote may defer, reduce, or extinguish that obligation without the Guarantor's written consent, except as applicable law or an agreed subordination requires;

(c) the Club shall use reasonable efforts to refinance and release each Guarantor as soon as it qualifies to do so, shall seek release at each refinancing opportunity, and shall report outstanding guarantees to the members at each Annual Meeting;

(d) reimbursing a Guarantor for amounts they actually advanced is repayment of a Club obligation, not compensation or distribution; and

(e) being a Guarantor does not by itself give a member a material personal interest under §8.7(b). A Guarantor may vote on Club borrowing and on any matter affecting the guaranteed debt.

### **Section 9.3 Insurance.**

(a) The Club shall maintain aircraft hull and liability insurance. The hull value on each aircraft shall be enough to replace it with an aircraft of equal value and quality at current market rates — not merely the price the Club paid — and shall be reassessed at least annually and adjusted as the market moves. The hull value on an aircraft securing Club debt shall never be less than the outstanding balance of that debt. Coverage limits, carrier, hull values, and deductibles are set by the Board, subject to this Article.

(b) Every policy the Club maintains shall name its members as insureds for their operation of Club aircraft and shall include a waiver of subrogation in favor of members. These two terms protect members personally and shall not be dropped by the Board. Where a member has guaranteed debt

secured by an aircraft, that member shall also be named as a loss payee on the hull coverage for that aircraft.

(c) Members shall meet all pilot requirements set by the Club's insurer (hours, ratings, checkouts, current flight review) and the Club's proficiency requirements, as detailed in the Operating Procedures.

#### **Section 9.4 Accidents, incidents, and financial responsibility.**

(a) **Reporting.** Any accident, incident, or damage involving a Club aircraft must be reported immediately as required by the Operating Procedures, and to the Board (and to the Safety Officer, if one has been appointed).

(b) **Review.** The Board designates a reviewer (who may be the Safety Officer, if one is appointed) to establish the facts and provide a written finding to the Board.

(c) **Hearing before assessment.** Before the Club imposes any financial assessment or lasting flight-privilege limitation arising from an accident or incident, the member(s) involved shall be offered a hearing. After the hearing (or its waiver), the Board sets the financial assessment and any privilege limitation. This does not limit the authority under §11.2 to immediately suspend a member's privileges for a safety or insurance cause, pending the review and hearing.

(d) **Financial responsibility.** For any loss or damage involving a Club aircraft:

(i) the member who was operating the aircraft — or, for damage discovered and not previously reported, the member who last operated it — bears the Club's insurance deductible for the loss;

(ii) a member whose act or omission causes the Club's insurance to deny, reduce, or void coverage for a loss bears the full uninsured amount of that loss, in addition to any deductible; and

(iii) a member responsible for damage through negligence or a violation of these Bylaws, the Operating Procedures, or the FARs also bears any resulting increase in the Club's insurance premium for the following policy period, and — at the Board's discretion — for up to two further policy periods. The member bears only the portion of an increase attributable to that loss.

Where no member was operating the aircraft and the damage is not attributable to a member, the Club bears the deductible.

Members are strongly encouraged, but not required, to carry their own non-owned aircraft liability insurance including hull-deductible reimbursement coverage, which covers the exposure this Section creates.

(e) **Offset.** Any amount a member owes under this Section is deducted from the member's payout if the member leaves or is expelled (§6.6).

## Article X — Indemnification of Directors and Officers

**Section 10.1 Indemnification.** To the fullest extent permitted by N.J.S.A. 15A:3-4, the Club shall indemnify its directors, officers, employees, agents, and members serving at the Board's request in a Club role, against expenses and liabilities incurred in proceedings arising from that service, subject to the good-faith and other standards of that statute, and shall advance expenses on receipt of an undertaking to repay if indemnification is ultimately not permitted.

**Section 10.2 Limits.** No indemnification shall be made where a final adjudication establishes a breach of the duty of loyalty, acts not in good faith or a knowing violation of law, or receipt of an improper personal benefit.

**Section 10.3 D&O insurance.** The Club may purchase Directors and Officers (D&O) and related insurance, whether or not it could itself indemnify (N.J.S.A. 15A:3-4(i)).

**Section 10.4 Members.** Protection of a member acting solely as a member, and not in a Club role at the Board's request (for example, as a loan Guarantor), rests on contract under [Article IX](#), not on this Article.

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## Article XI — Discipline, Suspension, and Termination

**Section 11.1 Grounds.** Grounds for discipline, suspension, or termination include nonpayment of any amount owed; violation of these Bylaws, the Operating Procedures, or FAA regulations; unsafe conduct; and egregious or illegal conduct, or conduct harmful to the Club or its members.

**Section 11.2 Immediate suspension for safety.** The Safety Officer, the President, or a majority of the Board may **immediately** suspend a member's scheduling and flying privileges for a safety or insurance cause, pending review. The Board shall review the suspension **within 14 days**, give the member an opportunity to be heard, and then lift, continue, or escalate it. Any lasting limitation or financial assessment follows the hearing process in [§9.4\(c\)](#) (for accidents) or the discipline process in [§§11.4–11.5](#) (for conduct).

### **Section 11.3 Nonpayment and delinquency.**

(a) **Balance cap.** A member's unpaid balance may not exceed 50% of that member's buy-in. If it reaches that limit, the member's scheduling and flying privileges are immediately suspended until the balance is brought back below it — except that a member in good payment standing may exceed the limit for a specific reservation (for example, an extended trip or a heavy-use month) with advance approval of a Board member.

(b) **Graduated action for overdue amounts.** An amount not paid by its due date is handled on this schedule (which the Board may adjust in the Financial and Administrative Procedures):

- **15 days overdue** — the amount is delinquent and the member is notified;

- **30 days** overdue — a one-time late charge of 10% of the overdue amount is added to the unpaid balance, unless the Board waives it for good cause. The charge is assessed once per overdue amount and does not recur;
- **60 days** overdue — the member's scheduling and flying privileges are suspended until the balance is cured;
- **90 days** overdue — the Board may terminate the membership. The membership is then placed on the Exit List and paid out under §6.6(c), less everything the member owes the Club — the unpaid balance, late charges, the costs of collection, and reasonable attorney's fees. Any remainder is paid to the member. If what the member owes exceeds the payout, the Club may pursue the difference.

#### **Section 11.4 Egregious or illegal conduct.**

(a) The Board may immediately suspend a member for egregious or illegal behavior, or conduct that endangers safety or materially harms the Club or its members. Expelling (permanently terminating) such a member requires a vote at the margin set in §4.9, following notice and an opportunity to be heard.

(b) A member expelled under this Section is placed on the Exit List and paid out for their membership on the same terms as a normal exit (§6.6(c)), less any outstanding balance, costs, or damages owed to the Club. Any remainder is paid to the member.

**Section 11.5 Process.** Except for immediate safety suspensions (§11.2) and the automatic loss of privileges for nonpayment (§11.3), the Board shall provide notice and an opportunity to be heard before suspending or terminating a member. Terminating a membership under §11.3(b) is not automatic and requires that notice and opportunity. A member who does not respond within 14 days of notice sent under §4.4 is treated as having declined the opportunity, and the Board may proceed.

**Section 11.6 Effect on obligations.** Termination does not cancel what a member still owes the Club. It also does not forfeit the member's documented loan or refundable deposit (§6.5), which remains payable to the member on its terms — but the Club may first offset any amount the member owes against that repayment.

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## **Article XII — Amendments**

**Section 12.1 Bylaws.** These Bylaws may be amended at the margin set in §4.9, at a meeting for which notice of the proposed amendment was given. The Board should review these Bylaws at least every two years.

An amendment may be proposed by the Board or by written petition of at least 20% of the members entitled to vote on it. On a valid petition, the Board shall put the proposed amendment to the members at the next membership meeting held more than 10 days later, with notice of the proposal given under §4.4. Amending §5.5 also requires the approval of a majority of all Regular Members (§5.4).

**Section 12.2 Other Club documents.** The [Operating Procedures](#), the [Financial and Administrative Procedures](#), and the [fee schedule](#) may be adopted and amended by the Board by majority vote, provided they remain consistent with these Bylaws. The officer compensation schedule requires the member approval provided in [§8.6\(b\)](#).

**Section 12.3 Certificate of incorporation.** Amendments to the certificate follow Title 15A and are a Major Decision ([§4.9](#)).

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## Article XIII — Dissolution

**Section 13.1 Approval.** Dissolution or merger of the Club, or the sale or disposition of substantially all of its aircraft, requires both (i) a resolution adopted by the unanimous vote of all directors then in office, and (ii) ratification by two-thirds of all members entitled to vote — an absolute two-thirds, not the margin in [§4.9](#). This Section does not apply where the Club is insolvent or can no longer lawfully operate, in which case the Board may wind up the Club's affairs under [§13.2](#).

**Section 13.2 Winding up.** On dissolution, the Board shall wind up the Club's affairs under N.J.S.A. 15A:12 et seq.

**Section 13.3 Distribution.** After paying or providing for all liabilities — including institutional debt, member loans and deposits, and any amounts owed to Guarantors — and honoring any assets held on condition, the remaining assets shall be distributed equally among the members, Regular and Inactive alike (per membership), to the extent permitted by law.

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## Article XIV — General Provisions

**Section 14.1 Rules of order.** Meetings are governed by the current edition of Robert's Rules of Order Newly Revised as the Club's parliamentary authority, except as these Bylaws provide.

**Section 14.2 Club documents.** In addition to these Bylaws, the Club maintains:

- **[Operating Procedures](#)** — governing scheduling, checkouts, currency, proficiency, billing, fuel, maintenance, safety, instruction, guest and passenger policy, and the operating limits of any leased aircraft. Adopted and amended by the Board.
- **[Financial and Administrative Procedures](#)** — governing reserve allocation, budgeting, and financial reporting ([§6.7](#)); the accountable-expense policy ([§8.6\(a\)](#)); the conflict-of-interest policy ([§8.7](#)); and the officer compensation schedule ([§8.6\(b\)](#)). Adopted and amended by the Board, except that the compensation schedule requires the member approval provided in [§8.6\(b\)](#).
- **[Membership Agreement](#)** — the agreement each member signs on admission, including the liability release and assumption-of-risk agreement ([§14.3](#)).

- **Fee schedule** — the current buy-in, monthly dues, and hourly rates, published by the Club so members have one place to see them. The rules for buy-in, dues, and rates are in [Article VI](#); the fee schedule publishes the current amounts.

All are binding on members. Where these documents conflict, the order of authority is: the certificate of incorporation, these Bylaws, the Financial and Administrative Procedures and the Operating Procedures, then the fee schedule.

**Section 14.3 Waiver and release.** Each member shall sign the Club’s liability release and assumption-of-risk agreement (governed by New Jersey law) as a condition of flying privileges.

**Section 14.4 Governing law and disputes.** These Bylaws are governed by the laws of the State of New Jersey.

Before commencing litigation against the Club or another member over a matter arising under these Bylaws, the Operating Procedures, or the Membership Agreement, a member shall first offer to resolve it through mediation with a neutral mediator, the cost shared equally. This does not apply where a party seeks emergency relief, or to the Club’s collection of amounts owed to it. Any action is brought in the state or federal courts sitting in New Jersey, and the parties consent to the jurisdiction of those courts.

**Section 14.5 Severability.** If any provision is held invalid, the remaining provisions remain in effect.

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*Adopted by the initial Board of North Jersey Flying Club, Inc. on September 3, 2026.*

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1. “Nonmember income” means income from persons who are not members, together with investment income such as interest on Club funds. For a members-only club this is usually just bank interest. ↩
  2. A member recused from a matter under [§8.7\(b\)](#) is not “entitled to vote on it,” and so is left out of both the two-thirds calculation and the majority floor — recusal never counts as a vote against. Abstentions and quorum-only proxies ([§4.7](#)) are not votes cast, so they do not count toward the two-thirds either way; they do count in the total against which the majority floor is measured. ↩
  3. A personal guarantee is “released” when the lender removes the guarantor from the loan — usually when the Club refinances or has enough credit history to stand on its own. This can happen years before the loan itself is paid off; full payoff of the note is not required. A Guarantor’s protections in [Article IX](#) continue for as long as their guarantee is outstanding, whether or not the Founding Period has ended. ↩
  4. New Jersey law calls nonprofit board members “trustees”; these Bylaws use “Director” with the same meaning. ↩