

S F S A

CORPORATE

PURPOSES

and

BY-LAWS

of

STEEL FOUNDERS' SOCIETY

OF AMERICA

STEEL FOUNDERS' SOCIETY OF AMERICA

780 McArdle Dr Unit G

Crystal Lake, IL 60014, USA

(Rev.August, 2009)

PURPOSES

The purposes for which the Corporation, an Illinois Not For Profit corporation, has been formed, as set forth in its Articles of Incorporation, are as follows:

To promote the general welfare of all engaged in, or affected by, the manufacture and sale of steel castings or of alloy castings, as defined by the Board of Directors of the Corporation, or of both types of castings, which are embraced within the term "castings," and the manufacture and sale of which are embraced with the term "the industry," as used in the Articles of Incorporation and in the By-Laws; and specifically, so far as permitted by law:

1. To stimulate the growth of the industry through the expansion of its possibilities, and to secure a wider market for its products; to correct abuses and unfair trade practices; to collect and disseminate information and statistics regarding matters of interest to the industry, so that those engaged therein may conduct their business more intelligently;
2. To secure improvement in the production of work; to conduct technical, business, and market research; to help the industry to maintain a high standard of product, and to secure and exchange among members such information regarding products, conditions of production, and requirements of consumers as will tend to reduce the cost of manufacture, improve the merchandise, eliminate waste, and render a better service to the ultimate purchaser and the public;
3. To promote through publicity a better understanding on the part of the purchasers of castings as to those differences in process, service and manufacture that cause differences in price; to secure through publicity a better knowledge of the advantages gained through the use of castings, thus assisting the industry to expand and take a more prominent place in its logical sphere;
4. To carry on a comprehensive program of research, in both pure and applied science, relating to the development and use of castings; to improve the quality and characteristics of castings; to study additional fields and new applications for expansion of the use of castings; and to study and improve foundry practice and technique.

The Corporation is not organized for profit, and no part of its net earnings shall inure to the benefit of any member, director, officer, employee or member of a committee of, or person connected with, the Corporation; provided, however, that this shall not prevent the payment to any such person of reasonable compensation for services rendered to or for the Corporation in effecting any of its purposes.

BY-LAWS

Article I. Members

Sec. 1.01. Regular Members. Any person, firm or corporation having an established place of business in the United States, Canada or Mexico, engaged in the manufacture and sale of castings, including any of the products commonly known in the trade as steel castings, either miscellaneous or specialties, or as alloy castings, respectively (the "industry"), shall be admitted to regular membership in the Society upon subscribing to the By-Laws of the Society.

Sec. 1.02. Honorary Members. Any person who has rendered conspicuous service to the industry, but is no longer fully active in the industry, may be elected to honorary membership in the Society by vote of the members or the Board of Directors. The duration of such honorary membership shall be at the pleasure of the Board. Honorary members shall be invited to attend all meetings of the members, but shall not be entitled to vote, shall not be counted in determining a quorum, shall not be eligible for election to any office and shall not be liable for dues or assessments.

Sec. 1.03. Associates. Any person, firm or corporation having an established place of business other than the United States, Canada or Mexico, engaged in the manufacture and sale of castings and interested in participating in the activities of the Society may be elected an associate of the Society by vote of the members or the Board of Directors. An associate shall continue in such status at the pleasure of the Board. A person, firm or corporation eligible for regular membership may not become an associate. Associates shall be invited to attend all meetings of the members, but shall not be entitled to vote, shall not be included in determining a quorum and shall not be eligible for election to any office. An associate shall be entitled to receive all research reports, including current progress reports, upon condition that no research results shall be published without the permission of the appropriate Committee.

Sec. 1.04. Annual and Special Meetings. There shall be a meeting, hereinafter called the Annual Meeting, of the members of the Society each year. Such meeting shall be held in September, or at such other time as the Board of Directors shall specify, on a date and at a place to be designated by the Board. Other meetings of the members, hereinafter called special meetings, may be called by the President and shall be so called by him when so directed by resolution of the Board of Directors. The hour and place of the Annual Meeting and the time and place of each special meeting shall be fixed by resolution of the Board of Directors.

Sec. 1.05. Notices. Notice of the Annual Meeting and of each special meeting, stating the time and place thereof, shall be mailed or electronic mailed by the Secretary to each member at its address shown on the records of the Society at least ten days before the date of the meeting.

Sec. 1.06. Proxies. At meetings members may vote by proxy in writing, in form satisfactory to the Board of Directors, designating a person or any one of several persons as the representatives of the member giving the proxy.

Sec. 1.07. Voting Power.

(a) At meetings of the members, and of the geographical divisions hereinafter mentioned, each member current on dues payments shall be entitled to cast one vote.

(b) Any member current on dues payments having plants in two or more said geographical divisions, whether such plants are held in the name of separate subsidiary corporations or not, and paying dues as herein provided on the basis of shipments from such plants, shall have in each such division one vote; provided, however, that (i) any member shall have the right, on application to and approval by the Board of Directors, to have the vote to which it is entitled in respect of any such plant cast in a geographical division other than the division in which such plant is located and (ii) in meetings of the members of the Society, no member shall have more than one vote. Where a member maintains within one geographical division more than one foundry plant, whether under the same name or different names, such additional plant or plants shall, at the request of the member, be placed upon the mailing list to receive such reports and information as may be issued from the Society's office, but shall have no vote.

Sec. 1.08. Majority Vote. All action taken at meetings of members and of said geographical divisions, unless otherwise provided in the Articles of Incorporation or By-Laws, shall require a majority of votes which are entitled to be cast by those present in person or by proxy at such meeting, a quorum being present.

Sec. 1.09. Quorum. At the Annual Meeting, at every special meeting of the members and at every meeting of members of any geographical division, in order to constitute a quorum for the transaction of business, there shall be present in person or by proxy, members entitled to cast one-fourth of the whole number of votes of the members as a whole or of such division, as the case may be; provided, however, that in the absence of a quorum those present at the time and place fixed for any such meeting may adjourn the meeting from time to time until a quorum shall be present.

Sec. 1.10. Delegates and Alternates. Each member of the Society shall file with the Secretary a written designation of a person authorized to act on behalf of such member for all purposes connected with its membership in the Society including the right to exercise the voting power of such member at all meetings of the Society and of said geographical divisions; and each member may also similarly designate one or more persons, who as alternates, may in the order indicated exercise similar authority and power on behalf of such member in the absence of the principal representative.

Sec. 1.11. Relations. The members and associates of the Society shall not be deemed partners of one another for any purpose, nor shall any member or associate of the Society be deemed to be the agent of any other member or associate, nor shall the Society be deemed to be the agent of any member or associate by reason of any

provision of the Articles of Incorporation or By-Laws of the Society.

Article II. Board of Directors

Sec. 2.01. Powers. The general management and control of the affairs and property of the Society in the intervals between meetings of members shall be vested in the Board of Directors, whose number shall be the same as the number of geographical divisions of the industry from time to time established as hereinafter provided, in addition to the Directors-at-Large, the President and the Immediate Past President.

Sec. 2.02. Geographical Divisions. For the purpose of apportioning representation on the Board of Directors and for such other purposes as may be set forth in these By-Laws, there shall be created a number of geographical divisions. Such divisions shall be as follows:

Eastern Division: The New England states, the states of Delaware, Kentucky, Maryland, that part of the state of Michigan east of meridian 85 degrees W, New York, New Jersey, Ohio, Pennsylvania, Virginia, West Virginia, and the Provinces of Ontario and Quebec.

North Central Division: The states of North Dakota, South Dakota, Nebraska, Kansas, Minnesota, Iowa, Wisconsin, Illinois, Indiana, that part of the state of Michigan not included in the Eastern Division, and the Province of Manitoba.

Western Division: The states of Washington, Oregon, California, Idaho, Nevada, Utah, Arizona, Montana, Wyoming, Colorado, New Mexico, Alaska, Hawaii and the Province of British Columbia.

Southern Division: The states of Texas, Oklahoma, Missouri, Arkansas, Louisiana, Mississippi, Alabama, Georgia, Florida, Tennessee, North Carolina and South Carolina, and the Republic of Mexico.

Sec. 2.03. Limitation. No member of the Society shall have more than two members of its organization on the Board of Directors. If more than two shall be elected, the member of the Society to whose organization they belong shall promptly decide and notify the Society which two shall serve.

Sec. 2.04. Election and Terms.

(a) Each of said geographical divisions shall elect one member of the Board of Directors. Such election shall be by a majority of votes of the members in that division. In addition to members of the Board elected by geographical divisions, the Board of Directors shall elect not less than three nor more than six Directors-at-Large for terms of three years, such terms to be staggered to the extent determined by the Board. If the Board shall choose one of its members as President of the Society, the position of such Director shall be deemed vacant and the vacancy shall be filled promptly in the manner hereinafter provided.

(b) When a Divisional Director has completed his full term of office, the members of the Society located in his Division, shall prior to the end of June elect a new Director to serve for a term of three years, beginning at the end of the Annual Meeting of the Society held during the next fiscal year following their election, and continuing until their respective successors shall be elected and shall have qualified.

(c) There shall be a regular meeting of the Board of Directors on such date in June of each year as shall be fixed by the President. At this meeting the Board shall elect Directors-at-Large to succeed the Directors-at-Large whose terms will expire at the end of the Annual Meeting of the Society held during the next fiscal year, to serve for terms of three years beginning at the end of such Annual Meeting.

Sec. 2.05. Voting Power and Alternates. For the purpose of determining all questions coming before the Board of Directors, including the election of Directors-at-Large and officers, each member of the Board representing a geographical division shall be entitled to cast one vote. If a Director representing a division is absent from a meeting of the Board, an alternate selected by the Division may act in his place with the same rights, powers and duties that the Director would have had if present. The President shall have no vote, except that if at the time of his election as President he was a member of the Board, he shall be entitled, until the election and qualification of his successor, to cast the same number of votes as he was entitled to cast as a Director. If at the time a Vice-President succeeds to the presidency as a result of a vacancy he was a member of the Board, he shall be entitled, until the election and qualification of a new President, to cast one vote.

Sec. 2.06. Budget. At its June meeting, the Board shall adopt a budget for the ensuing fiscal year, which shall be presented at the next Annual Meeting of the Society following such adoption. No expenditures not authorized by the budget shall be incurred by the Society except upon the expressed authorization of the Board of Directors or the Executive Committee, which shall be responsible for the adoption of procedures to apply and enforce this provision.

Sec. 2.07. Organization Meeting. The first meeting of the Board of Directors, at which the newly elected members shall take their seats, shall be held at such convenient time after the Annual Meeting of the Society held during the fiscal year next following their election as shall be designated by the President.

Sec. 2.08. Special Meetings. Special meetings of the Board of Directors may be called by the President and shall be called by him when so requested in writing by three members of the Board. The time and place of meetings of the Board of Directors shall be fixed by resolution of the Board.

Sec. 2.09. Notice. Notice of the regular meetings and of each special meeting of the Board of Directors, stating the time and place thereof, shall be given by the Secretary to each member of the Board at his address shown on the records of the Society, by mail

at least ten days before the date of the meeting, or by telephone or electronic mail at least seven days before the date of the meeting.

Sec. 2.10. Quorum. At all meetings of the Board of Directors, in order to constitute a quorum for the transaction of business, there shall be present in person members of the Board, or their duly elected alternates, who constitute at least one-third of the entire membership of the Board of Directors and who are entitled to cast a majority of the votes which may be cast by the entire membership of the Board; provided, however, that in the absence of a quorum, those present at the time and place specified for any meeting may adjourn the meeting from time to time until a quorum shall be present.

Sec. 2.11. Executive Committee. There shall be an Executive Committee of the Board of Directors consisting of the President, who shall act as chairman of the committee, the Vice President, the Immediate Past President and at least one other member of the Board, to be selected by the President and to serve at the pleasure of the Board. The Executive Committee may exercise the powers of the Board of Directors in the intervals between meetings of the Board; provided, however, that the actions of the Committee shall be reported to the Board of Directors at its first meeting following such actions. The members of the Executive Committee shall meet for action whenever possible at the call of the President.

Sec. 2.12. Other Committees. The Board of Directors may appoint such other committees as it may deem best to serve the interest of the members of the Society, may define the powers and duties of such committees, and may dissolve such committees. The Board may appoint upon such committees persons who are not members of the Board.

Sec. 2.13. Committee Quorum. At all meetings of the Executive Committee or any other committee of the Society, in order to constitute a quorum for the transaction of business, there shall be present in person a majority of the members of the Committee.

Sec. 2.14. Legal Counsel. The Board of Directors may make such arrangements for engaging or retaining such Legal Counsel as they deem advisable.

Article III. Procedure

Sec. 3.01. Consents and Telephone. Any action which may be taken at a meeting of the Board of Directors or any committee thereof may be taken without a meeting if a consent in writing, setting forth the action so taken shall be signed by all of the members thereof. In addition, members of the Board of Directors or any committee thereof may participate in any meeting thereof by means of conference telephone pursuant to which all members participating can hear one another. Elections of Directors by members may be conducted by mail or electronic mail.

Sec. 3.02. Waiver. Any notice of meeting required by these By-Laws may be waived by an instrument in writing, signed by the member or person entitled to receive such notice.

Sec. 3.03. Rules of Order. Except as otherwise herein provided, the proceedings of the members, the Board of Directors, and the Committees of the Society shall be governed by Robert's Rules of Order.

Article IV. Officers

Sec. 4.01. Designation. The officers of the Society shall be a President, who may be, but is not required to be, a member of the Board of Directors at the time of his election, a Vice-President who shall be chosen from the Board of Directors, an Executive Vice-President, a Secretary, a Treasurer, and such other officers as the Board of Directors shall by resolution determine. The Executive Vice-President and the Secretary shall not be members of the industry. The same person may hold more than one office except that the offices of President and Vice-President shall not be held by the same person.

Sec. 4.02. Election, Terms, Vacancies. At its June meeting the Board shall elect the President, the Vice-President, the Executive Vice-President, the Secretary, the Treasurer, and such other officers as the Board may have provided for by resolution. All of said officers shall be elected for the term of two years, beginning at the end of the Annual Meeting of the Society held during the fiscal year next following their election, and continuing until the end of the second following Annual Meeting of the Society and until their respective successors shall be elected and shall have qualified. The terms of all of said officers who are not members of the industry shall be subject to termination at the pleasure of the Board of Directors. All officers shall be eligible for re-election. A vacancy in any office may be filled by the Board of Directors for the remainder of the unexpired term; provided, however, that a vacancy in the office of President shall be filled by the temporary succession of the Vice-President until a new President is elected by the Board of Directors to complete the unexpired term. Such election may be held by the Board of Directors at any time after the creation of a vacancy in the office of President. If at such election the former Vice-President temporarily occupying the office of President shall be chosen as President to complete the unexpired term, a new Vice-President shall also be elected to fill the resulting vacancy in that office.

Sec. 4.03. Presiding Officer. The President, or in his absence the Vice-President, shall preside at all meetings of the members, the Board of Directors and the Executive Committee. In the absence of both the President and the Vice-President, the members of the Society or the Board of Directors shall designate their own presiding officer, respectively.

Sec. 4.04. Vice-President. The Vice-President shall exercise the powers and duties of the President during the latter's absence or incapacity. If the office of President shall become vacant, the Vice-President shall serve as President until a new President is elected by the Board of Directors to complete the unexpired term. Thereafter, unless he

has been so elected as President, he shall serve as Vice-President for the remainder of his term.

Sec. 4.05. Executive Vice-President. The Executive Vice-President shall be the chief executive officer of the Society. He may attend the meetings of the Board of Directors and the Executive Committee, without vote.

Sec. 4.06. Secretary. The Secretary shall keep all the records of the Society and perform such other duties as shall be prescribed from time to time by the Board of Directors.

Sec. 4.07. Treasurer. The Treasurer shall collect all dues, assessments or moneys due to the Society and shall disburse the same as herein provided; he shall deposit the funds of the Society in such bank or banks as shall be approved by the Executive Committee; he shall make periodic reports to the Board of Directors of all receipts and disbursements. He shall furnish a surety company bond acceptable to the Executive Committee in the sum of \$10,000.00, the cost of which bond shall be paid by the Society.

Article V. Salaries and Remunerations

Sec. 5.01. Officers. The Executive Vice-President, the Secretary, and the Treasurer (if not a member of the industry), may be paid such salaries as may be fixed by the Executive Committee.

Article VI. Fiscal Provisions

Sec. 6.01. Fiscal Year. The fiscal year of the Society shall begin on July 1st of each year and end on the last day of June next following.

Sec. 6.02. Check Signatures. Checks and drafts drawn upon bank accounts of the Society shall be signed by two officers or other persons to be designated from time to time by resolution of the Board of Directors or the Executive Committee.

Sec. 6.03. Books. An audit or review or compilation of the books of the Society at the end of each fiscal year shall be made by a firm of independent Certified Public Accountants selected by the Board of Directors. The Board of Directors shall assume responsibility for the oversight of the audit, review, or compilation. The books of the Society shall be open to inspection of members in good standing at all reasonable times, upon five days' prior notice in writing addressed to the Secretary. The books shall at all times be open to inspection by the Board of Directors.

Article VII. Dues, Assessments, etc.

Sec. 7.01. Entrance Fee. No entrance fee shall be charged for admission to the Society as a member.

Sec. 7.02. Dues.

(a) The dues of each member of the Society for each calendar year shall be computed by the sales of such member for such quarter according to the dues schedule approved by the Board and included in the SFSA Organizational Manual.

QUARTERLY DUES SCHEDULE

If Quarterly steel casting Sales Are:	Base	Amt./\$1,000	In Excess
Sales:	Amount plus	of Sales	of
\$ 0 to 200,000	\$300	\$ —	\$ —
200,001 to 500,000	\$300	.50	200,000
500,001 to 1,000,000	\$450	1.25	500,000
1,000,001 to 1,500,000	\$1075	1.75	1,000,000
1,500,001 to 2,000,000	\$1950	1.20	1,500,000
2,000,001 to 2,500,000	\$2550	1.00	2,000,000
2,500,001 to 3,000,000	\$3050	.40	2,500,000
3,000,001 to 3,750,000	\$3250	.30	3,000,000
3,750,001 to 7,500,000	\$3475	.12	3,750,000
7,500,000 to 18,750,000	\$3925	.04	7,500,000
Over 18,750,000	\$4375	.02	18,750,000

ALLOWABLE DEDUCTIONS FROM GROSS SALES IN DETERMINING NET SALES FOR SFSA DUES COMPUTATION PURPOSES

1.	<input type="checkbox"/> Discounts and Royalties Discounts (such as ½%, ten days) for prompt payment of invoices allowed to customers to whom product is sold, and royalties paid out.
2.	Freight Freight, truck or other transportation charges allowed customers.
3.	Allowances to Customers Allowances to customers for defective product after shipment, including values of defective castings and machining, if such allowances are granted.
4.	Special Temporary Surcharges Special temporary surcharges imposed to offset a temporary change in a raw material cost, e.g. a raw material strike crisis.
5.	Value of Products Other Than Steel Castings Dollar value of material other than steel castings shipped to customers, such as, rivets used in bolsters, springs used in draft gears, etc., and valued at the average selling price per pound of the product into which it is assembled; if shipped separately such material to be valued at the actual net selling price of the shipment.
6.	Patterns, Special Rigging and Machining Charges to customers for new patterns, special rigging, machining, etc., when such equipment or services are charged to the customer.
7.	Excise Taxes Excise taxes on product when such tax is absorbed by the foundry.
8.	Sales Taxes Federal, State or other Sales Taxes
9.	Hard Chrome Irons
10.	Grinding Balls

(b) The Board of Directors, at the meeting each year at which the budget is adopted, or as soon thereafter as practicable, shall determine that the dues of members for the ensuing fiscal year shall be fixed either in accordance with Section 7.02 (a) or, with respect to any year for which the Board of Directors deems such action desirable, by adding to the dues of members so computed a percentage thereof applicable uniformly to all members. The net sales figure to be used for each calendar quarter for the calculation of dues shall be the member's net sales for the next to the last preceding quarter. If such net sales figure has not been furnished to the Society, the member's dues shall be computed on the basis of the latest quarterly net sales figures received by the Society, subject to adjustment at the election of the Society when the appropriate figure is received.

(c) The Board of Directors shall have power to prescribe the method to be followed by members in computing and reporting net sales of castings, including, but without limitation to, the power to prescribe what items shall be included and what items shall be excluded in making such computations, to prescribe the calendar quarter to which price refunds or allowances shall be allocated, and to prescribe the method of determining the dues of new members who had no sales of castings during the applicable preceding quarter; and the decision of the Board of Directors, in the exercise of power hereby granted, shall be final and conclusive upon all members.

(d) The expression "net sales" as used in this Sec. 7.02 means (1) for unmachined castings sold in the open market the dollar amount received on such sales (less freight, returns, and allowances); (2) for machined castings sold in the open market the fair sales value of the unmachined castings as determined by the member; (3) for castings sold as component parts of machinery or equipment the fair sales value of the unmachined castings as determined by the member. The intent of these definitions is to include in "net sales" for dues purposes net sales of all castings produced by member companies, except shop castings and such "end products" as may be excluded by the Board of Directors.

(e) Dues shall be payable quarterly on October 1, January 1, April 1 and July 1 of each year.

Sec. 7.03. Special Assessments. In case of emergency a special assessment in addition to the regular dues as above provided may be levied upon the recommendation of the Executive Committee or otherwise when approved by the Board of Directors at any regular meeting, or at any special meeting duly called for that purpose, by three-fourths of the votes separately cast and counted, of the entire Board; provided, however, that the aggregate amount of such assessment shall be allocated against the members in the same proportions as above provided with respect to the allocation of quarterly dues.

Sec. 7.04. Associate Dues. The dues of each associate shall be calculated in the same manner as those of members.

Sec. 7.05. Penalties. The Board of Directors, in its discretion, may impose penalties for failure to pay bills for dues or assessments within thirty days after date of mailing, or within such longer period after date of mailing as the Board may determine.

Sec. 7.06. Resignations. Any member or associate of the Society in good standing may resign by notice in writing to the Secretary. A member or associate, upon resignation, shall be liable for the dues or fees payable for the quarterly period during which its resignation is received by the Society or during which for any other reason it ceases to be a member or an associate and shall remain liable for all other dues and special assessments in arrears.

Article VIII. Amendments

Sec. 8.01. Vote Required. These By-Laws may be amended as follows:

(a) **By the Board.** At any regular or special meeting of the Board of Directors at which a quorum is present these By-Laws may be amended by a majority of the full number of votes which the members of the entire Board are entitled to cast; or by three-fourths of the votes which the members present at the meeting are entitled to cast; provided, however, that the text of the proposed amendment or amendments shall have been sent by mail or electronic mail to each member of the Board at least ten days before the date of the meeting. Notwithstanding the foregoing, this sentence and the following provisions of these By-Laws may be amended only by either of the methods described in subsection (b) below:

Section 1.01, 1.02, 1.03, 1.04 (except second sentence), 1.06, 1.07(a), 1.08, 1.09, 1.10, 1.11, 2.01, 2.02 (first sentence), 2.03, 2.04(a), 2.05, 4.01, 6.03 (except first sentence), 7.06, 8.01(b), 8.03.

(b) **By Members.** These By-Laws may be amended (1) at any Annual Meeting or special meeting of the members of the Society, by a vote in favor of the amendment of three-fourths of the votes which are entitled to be cast by those present in person or by proxy at such meeting; provided, however, that by order of the Board of Directors the text of the proposed amendment or amendments shall have been mailed or electronic mail by the Secretary to each member in good standing at least ten days prior to the date of such meeting; or (2) by mail or electronic mail ballot upon a proposed amendment or amendments which are by order of the Board of Directors submitted by the Secretary in writing to each member in good standing by letter mailed or electronic mail at least ten days prior to the date therein fixed for closing of the polls; for adoption the amendment shall require the total in favor of the amendment of three-fourths of the votes, which shall be received before the closing of the polls.

Sec. 8.02. Proposals by Members. Any member of the Society may propose an amendment or amendments to these By-Laws by submitting the same in writing to the Secretary, who shall thereupon present the same to the Board of Directors. If the proposed amendment relates to the one the sections specified in the last sentence of subsection 8.01(a) above and the Board of Directors shall approve of such amendment, the same shall be submitted to the vote of the Society by either of the methods provided in subsection 8.01(b) above.

Sec. 8.03. Amendment of Articles. Any member of the Society may propose an amendment or amendments to the Articles of Incorporation by submitting the same in writing to the Secretary who shall thereupon present the same to the Board of Directors. If the Board of Directors shall approve of any such amendment, the same shall be submitted to the vote of the Society in the manner prescribed by law.

Article IX. Dissolution

Sec. 9.01. Distribution of Assets. In the event of dissolution of the Society pursuant to the Not For Profit Corporation Act, all assets of the Society eligible for distribution to members under applicable law shall be divided among the members then in good standing in proportion to the amount of dues and assessments paid by them to the Society within five years prior to the date of adoption of the resolution to dissolve. Any unpaid dues or other indebtedness of a member shall be deducted from its proportional share in making such distribution.