

BYLAWS
WOLF LAUREL COUNTRY CLUB, INC.
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BYLAWS

WOLF LAUREL COUNTRY CLUB, INC.

Article I. NAME AND PURPOSE

These are the Bylaws of the Wolf Laurel Country Club Inc., (hereafter referred to as the "Club"). The address of the Club is 2607 Wolf Laurel Road, Mars Hill, NC 28754.

The purpose of the Club is to own and maintain facilities in order to provide for the social, recreational and educational needs of its members. It shall include, but not be limited to such amenities as golf, meeting facilities, dining, special events and the scheduling of programs for members.

Article II. MEETINGS OF MEMBERS

1. Regular Meetings

The Board shall schedule Two (2) Regular Meetings of the members of the Club each year. One regular Meeting shall be identified as the Annual Meeting. The election of Directors and the receiving of appropriate annual reports shall be considerations at the Regular (Annual) Meeting. It shall be scheduled during the month of September no later than the third (3rd) Saturday. The other Regular Meeting shall be scheduled in June of each year. This Meeting shall be for informational and discussion purposes, with no formal action.

2. Special Meeting

Special meetings may be called by the President, a majority of the members of the Board of Directors, or by the written request of ten percent (10%) of the Club members. Upon receipt of such request, the President shall call a Special Meeting within thirty (30) days. A request for a Special Meeting must contain a statement of the purpose of the proposed meeting, and no other business may be transacted at that meeting.

3. Notices

The Secretary shall give not less than ten (10) days or more than thirty (30) days prior notice of any meeting, by mail, to all voting members of the Club. Notices shall indicate the time, place and purpose of the meeting. Notice shall be posted on the official bulletin board at the clubhouse.

4. Quorum

The presence, either in person or by proxy, of thirty three percent (33%) of the votes then entitled to be voted shall constitute a quorum at any meeting of the voting members. The Board of Directors shall determine the form and procedure for the use of proxies.

5. Mail Ballots

The Board of Directors shall determine the form and procedure for the use of mail ballots.

Article III. BOARD OF DIRECTORS

The governance and administration of the affairs and property of the Club shall be vested in a Board of Directors (the "Board").

1. Number of Members

a. The Board shall consist of twelve (12) Directors elected by the members. Nine (9) Directors shall be Golf members and three (3) shall be Social members. At the initial election four (4) Directors had been chosen by lot to serve either a three (3) year term, a two (2) year term or a one (1) year term, with one Director of each category holding a Social membership. At each subsequent election, Golf and Social candidates shall be so designated to maintain the ratio of nine (9) Golf Members to three (3) Social Members. Directors shall be elected to serve a three-year term, or the completion of an unexpired term. Separate ballots for Golf and Social candidates shall be used.

b. The immediate Past President, if not continuing as a Director, shall serve as an ex-officio voting member of the Board. The person serving shall not be counted in the determination of a quorum.

c. No member may serve more than two (2) complete consecutive terms without an interim period of one year.

2. Nominating Procedures

a. The Board shall appoint a Nominating Committee consisting of five (5) members, of whom one must be a Board Member and four (4) non-members of the Board. Their responsibility is to provide a list of nominees to the Board no less than thirty (30) days prior to the Annual Meeting of Members. Those names, and others, if nominated by member petition, shall be made known to the membership at least twenty-one (21) days prior to the Annual Meeting of Members.

b. Each year the Nominating Committee shall submit two nominees for each Golf and Social vacancy.

c. In addition to the above nominees, ten percent (10%) or more of the members may petition to include an individual as a nominee for consideration by the membership at the Annual Meeting. The signed petition for each nominee must be submitted to the Secretary at least twenty-five (25) days prior to the Annual Meeting.

d. Nominees must be members in good standing and shall not be members of the Nominating Committee.

3. Election

The election for members of the Board shall be by members in good standing. The voting shall be by mail ballot or in person at the Annual Meeting.

Article IV. BOARD OF DIRECTORS MEETINGS

1. Annual Meeting

The Annual Meeting of the Board shall be held within ten (ten) days following the Annual Meeting of the Members. The main purpose of the Annual Meeting of the Board is the election of officers. The meeting shall also serve as an orientation for new members and serve as a forum for forthcoming plans and needs related to the functioning of the Club.

2. Regular Meetings

The Board shall schedule no less than three (3) meetings during the year following their Annual Meeting. The Board shall determine the time and place for such meetings.

3. Special meetings

Special meetings of the Board may be called by the President, or by any six (6) Directors, with a minimum of three (3) days' notice.

4. Telephonic Meetings

Directors may participate in meetings by means of a conference telephone or similar communications equipment. All participating Directors must be able to receive simultaneous transmission.

5. Action by Consent

When necessary, in the absence of a formal meeting, action of the Board may be taken by consent. Such action shall be set forth in writing, signed by all of the Directors and filed in the minutes of the proceedings of the Board, whether before or after the action so taken. Such consent shall have the effect of a unanimous vote.

6. Quorum

Six members of the Board shall constitute a quorum.

Article V. POWERS OF THE BOARD OF DIRECTORS

1. Management of the Club

The Board shall assume responsibility for implementing the policies, procedures and rules and regulations of the Club on behalf of its members.

2. Power and Duties

- a. Elect the officers of the Board;

- b. Appoint committees and assign duties;
- c. Fill vacancies on the Board until the next Annual Meeting, at which time the vacancy shall be filled for the remainder of the original term by election;
- d. Employ or contract persons with management responsibilities. Review and delegate such responsibilities as is necessary and indicate the criteria for the evaluation of performance. Implement specific procedures for the employment or contracting of all employees;
- e. Assume responsibility for the development and publication of the Club rules, and regulations governing the use of the Club as needed;
- f. Establish the amount of the annual dues, fees and other charges;
- g. Remove and replace any Director for cause, at the determination of the Board;
- h. Allocate and approve the expenditure of funds; enter into contracts; incur indebtedness within limits established. Any debt in excess of \$100,000 during any fiscal year requires a 2/3 majority vote by the members of the Club at a duly constituted meeting. Lease costs for kitchen and golf course equipment shall not be considered to be debt for a period of five years or less following the initial adoption of these Bylaws;
- i. May enter into reciprocity agreements with other country clubs and their members;
- j. May buy or lease equipment, supplies, and service for the operation of the Club.

3. Issuance of Memberships

The Board shall have the sole authority to issue, cancel, and approve the transfer memberships as provided by the provisions of the Articles of Incorporation and Club Bylaws.

4. Compensation

Directors shall not receive any compensation for services rendered; however, they shall be reimbursed for all documented expenses approved by the Board.

5. Interpretation of Bylaws

The Board shall have the corporate power to perform its duties as permitted for non-profit Clubs by law, statute, Articles of Corporation, and these Bylaws. The Board may also determine the interpretation or construction of these Bylaws, or any parts hereof, which may be in conflict or of doubtful meaning, and their decision shall be final and conclusive, so long as consistent with applicable law, and in harmony with the rest of these Bylaws.

Article VI. OFFICERS

At each Annual Meeting, the Board shall elect the following officers: a President, Vice President, Treasurer and Secretary, and such other officers as the Board deems appropriate.

The term of office shall be one year or until a successor has been elected, and no Director shall hold more than one office at a time. These officers shall perform the duties prescribed by these Bylaws.

Article VII. DUTIES OF OFFICERS

1. *President*

The President shall preside at all official meetings of the Club members and of the Board and shall enforce the provisions of these Bylaws and the rules and regulations of the Club. The President may call special meetings of the Board, serves as an ex-officio member of all committees, and is empowered to execute all papers and documents as required in the name of the Club.

2. *Vice President*

In the absence or disability of the President, the Vice President shall perform and carry out all the duties and responsibilities of the President.

3. *Secretary*

The Secretary shall maintain all of the Club's correspondence, and shall keep records and the minutes of all meetings, both of the Board and of the membership. The Secretary shall be responsible for giving all required notices of such meetings. The Secretary shall have custody of the Corporate Seal, and shall supervise the custody of all membership records.

4. *Treasurer*

The Treasurer shall serve as the Chairman of the Finance Committee. He shall cause to be collected, held, and disbursed, under the direction of the Board, all monies of the Club, and it shall be the Treasurer's duty to collect monies due the Club from the issuance of memberships, dues and charges of members of the Club, and all amounts due from others. The Treasurer shall keep or cause to be kept regular books of account and all financial records of the Club, and shall prepare budgets and financial statements, when and in the form requested by the Board. The Treasurer shall be responsible for the deposit of all monies of the Club in accounts in the Club's name at banks designated by the Board. He shall give a surety bond for faithful performance in the amount directed by the Board, which surety bond premium shall be paid by the Club. Any other persons having access to monies of the Club or its bank accounts shall be similarly bonded.

5. *Removal From Office*

Any officer may be removed from office by a two-thirds (2/3) vote of the Directors. Removal from office does not imply removal from the Board itself.

Article VIII. COMMITTEES

1. *Standing Committees*

Each year the President, subject to the approval of the Board, shall designate the chairman and members of each of the following committees: Finance, Building and Grounds, Food and Beverage, Golf, Greens, Membership, Legal and Bylaws, Social, Personnel and Long Range Planning. Each

Director shall serve on a Standing Committee. Each year the President shall also, subject to the approval of the Board, designate the members of an Executive Committee and Audit Committee. Each of the following Committees, subject to the approval of the Board, shall formulate programs and submit them with recommendations to the Board for approval. Committees shall act in an advisory capacity to the Board and be responsible for the execution of such programs and recommendations as are approved by the Board. The chairman of each committee may organize the committee in any way deemed appropriate. Each committee chairman or member shall serve until his replacement has been designated.

a. Finance Committee

The Finance Committee shall supervise, direct and control all matters pertaining to the Club's finances including, but not limited to, the placing of insurance, the filing of tax returns, the payment of taxes, the preparation of the annual operating budget, the preparation of the current reports for the Board on the Club's financial condition; reporting to members with a condensed operating statement at least every six months. The Treasurer shall serve as Chairman of the Committee. The Finance Committee shall have the power, with the approval of the Board, to direct the General Manager or House Manager to employ, at the expense of the Club, such employee assistance as may be necessary to handle the accounts. The account books and vouchers shall at all times be open to the inspection of any member of the Board.

b. Building and Grounds Committee

The Building and Grounds Committee shall advise the Board on matters concerning the purchase, maintenance, and repair of all the property, equipment and furnishings of the Club with the exception of items used in food preparation. This shall include the interior and exterior of all buildings and utilities associated with these buildings as well as the supervision of any building or construction undertaken by the Club.

c. Food and Beverage Committee

The Food and Beverage Committee shall advise the Board on matters concerning the operation of the restaurant and food and beverage service. This shall include responsibility for assisting the General Manager in matters related to the food and beverage staff and service. The Committee shall also provide support and assistance to the General Manager in the purchase, maintenance, and repair of all restaurant and food and beverage equipment.

d. Golf Committee

The Golf Committee shall serve in an advisory capacity to the Personnel Committee concerning the employment and evaluation of a golf professional. It shall also initiate and review the function of all golf programs, the playing rules for members and their guests, the programming of golfing events for members and their guests and the maintenance of members' handicaps. United States Golf Association rules and regulations shall govern all golf play except where superseded by local rules.

e. Greens Committee

The Greens Committee shall serve in an advisory capacity to the General Manager and the Personnel Committee on matters related to the employment and supervision of the Greens Superintendent. This shall include the purchase and maintenance of equipment and the maintenance and care of the greens, fairways, practice green, and other areas of the golf property. The Board shall make no major alteration to the Golf Course except by prior recommendation of the Greens Committee and final approval by the Board.

f. Legal and Bylaws Committee

The Legal and Bylaws Committee shall be charged with the publication and interpretation of the General Club Rules and any other regulations and Bylaws of the Club, and, generally, with all matters of a legal nature pertaining to the Club.

g. Membership Committee

The Membership Committee shall review all applications for membership and shall report thereon to the Board with its recommendation to approve or disapprove each application.

h. Executive Committee

The Executive Committee shall consist of the President as Chairman, the Vice President, the Secretary, the Treasurer and one other member of the Board. The Executive Committee shall have the power to act in emergencies or at times when the Board cannot be called into session. A majority of the members of the Committee shall constitute a quorum. The unanimous vote of all members present is required, and the Board at its next meeting must ratify all actions or resolutions.

i. Social Committee

The Social Committee shall advise the Board on matters concerning the social activities for members and their guests, policies for use of the Clubhouse by non-members and other appropriate concerns. This shall include the formulation and publication of a yearly calendar of events and member activities.

j. Personnel Committee

The Committee on Personnel shall advise the Board on all matters relating to full-time and part-time personnel employed by Wolf Laurel Country Club. The duties are: 1) Advise the Board on the employment and performance of the General Manager and support staff; 2) Present to the Board for review and ratification an employment contract for the General Manager and contracts, where applicable, for support staff; 3) Recommend to the Board a compensation/benefits package for the General Manager and staff; 4) Conduct mid-year and year-end evaluations for the General Manager and review staff evaluations conducted by the General Manager; 5) Present annual reports to the Board on evaluations and make recommendations regarding performance of employees; 6) In consultation with the Board and the General Manager, prepare an Employee's Policy Manual.

k. Long Range Planning Committee

The Long Range Planning Committee shall advise the Board on long term goals for membership growth, capital funding and related matters. The Committee shall also plan for periodic renovations and refurbishment of all Club facilities and shall report to the Board at least once a year regarding such matters.

2. Ad Hoc Committees

The President, with the approval of the Board, may appoint Ad Hoc Committees, with specific assignments, as the President shall determine. Ad Hoc Committees shall be dissolved upon completion of the assigned task.

Article IX. EQUITY MEMBERSHIPS

1. Types of Equity Memberships

There are two (2) types of memberships:

a. *Golf*

There are two (2) categories: Founder Golf and Golf. The Founder designation identifies those who committed to membership prior to the acquisition of the Club on April 22, 1999.

b. *Social*

There are two (2) categories: Founder Social and Social. The Founder designation identifies those who committed to membership prior to the acquisition of the Club on April 22, 1999.

2. Number of Members

The combined total of Founder Golf and Golf Memberships is limited to three hundred fifty (350). Such limit shall not prevent the change in classification of Founder Social Memberships to Golf Memberships. The combined total of Founder Social and Social Memberships shall be limited to two-hundred fifty (250).

3. Membership Benefits

Equity Memberships entitle the users of each membership to the following:

a. *Founder Golf and Golf Membership*

A Founder Golf or Golf Membership entitles its users to unlimited use of the golf

facilities with privileges to reserve tee times as established by the Board. They shall not be charged greens fees, but shall be charged golf cart fees as established by the Board.

b. *Founder Social Membership*

A Founder Social Membership entitles the member to change classification to a Golf Membership provided such Golf Membership is available. Within the first year following the date of issuance of the Founder Social Membership, a change in classification Equity Payment shall be required in the amount of \$5,500; thereafter the change in classification Equity Payment shall be the difference between the then current Equity Payments for Social Membership and Golf Membership. An additional amount will be due equal to the difference charged as an Initiation Fee for the last Golf Membership and the last Social Membership sold, to be effective 1/1/2010.

The users of the membership may use all of the dining, lounge and social facilities of the Club. They may also use the golf facilities of the Club in accordance with the Club rules and upon payment of the required fees as set by the Board; provided, however, that in the future such users shall not be denied at least limited access to the golf facilities, as determined by the Board.

c. *Social Membership*

A Social Membership entitles the users of the membership to all of the dining, lounge and social facilities of the Club. Such users may use the golf facilities of the Club in accordance with the Club rules and upon payment of the required fees as set by the Board.

4. *Membership Privileges.*

Founder Golf Memberships, Golf Memberships, Founder Social Memberships, and Social Memberships shall be issued in the name of the Member, who shall be entitled to all privileges as defined by the Bylaws. Unmarried dependent children below the age of eighteen (18) residing in the same household as their member parents shall have the same privileges as the Member. Other individuals using the Club facilities simultaneously with a beneficial user may do so as guests, subject to the Club rules and upon payment of the applicable guest charges. Notwithstanding the rights and privileges described above, in order to provide the utmost playing pleasure for all members, the Club reserves the right, from to establish rules governing access, sign-up privileges and starting times with respect to the golf course other recreational facilities of the Club.

5. *Membership Equity Payments*

Persons desiring to be a member of the Club must pay the equity and initiation fee as set forth in the Membership Application. The amount of the membership equity value, initiation fee and payment options shall be set by the Board.

6. *Voting*

On matters to be voted upon by the members, the holders of Founder Golf Memberships and Golf Memberships are each entitled to two (2) votes per membership; the holders of Founder Social Memberships and Social Membership are each entitled to one (1) vote per membership. Voting privileges are to be extended only to members in good standing.

7. *Application for Membership*

Applications for membership shall be in the form prescribed by the Board. An applicant for membership must mail or deliver to the Club a fully completed and signed Application for Membership, and a payment equal to one-half (1/2) of the total initiation and equity fees. Final approval is contingent on payment of all fees by the applicant. No application for membership shall grant any applicant any right to become a member until it has been approved by a majority vote of the Board of Directors. The Board reserves the right to reject any application for anyone or more reasons a majority of the Board determines sufficient to believe that any applicant would not be a suitable member of the Club. Any discussion of a membership application is private information and shall not be disclosed by any Board member. The Club is a social organization and intends to preserve its members' rights of association to the full extent allowed by law.

8. *Transferability of Memberships*

- a. Memberships are not transferable or assignable except as provided in Sections 9 or 10 of Article IX.
- b. A member who wishes to transfer a membership (other than one covered by Section 10 of this Article) shall return his membership to the Club, along with a written request to issue a new membership.
- c. To affect any transfer of a membership, the transferee shall sign and file an Application for Membership with the Club. Upon the execution and delivery of the completed Application for Membership and the payment of applicable initiation and handling fees, the Club shall issue a new membership in the appropriate name(s). A handling fee shall be required for all transfers of memberships other than gift transfers and transfers to members of the immediate family of the transferor. The handling fee shall be equal to fifteen percent (15%) of the current equity amount charged by the Club for the membership of that category last sold by the Club.

9. *Transfer Upon Death or Divorce*

- a. Upon the death of a member who holds a membership, alone or jointly with a spouse, the membership, or portion thereof, automatically passes to the deceased member's surviving spouse, if any, without payment of any additional membership Equity Payment or transfer fee.
- b. If a deceased member alone is not survived by a spouse, then the membership may be passed by bequest, including but not limited to intestate succession and transfers from a deceased member's trust. This right is conditioned upon the application being made by the legatee no later than one (1) year after the deceased member's death. The designated applicant shall include with the application any debts or assessments for the period between the date of the member's death and the date of the application. If the legatee does not apply for membership

within one (1) year after the deceased member's death, the membership shall be deemed resigned to the Club and placed for sale on a waiting list for members.

c. In the event married members are legally separated or divorced, title to the membership, shall remain with the spouse awarded the membership in any division of marital property. In the absence of a separation agreement or court decree the rights and benefits of membership shall continue in the owner of the membership, and both such persons shall remain responsible for the payment of all dues, fees, and charges associated with such membership.

10. Resignation

a. Requests for resignation from the Club shall be submitted to the Board and acted upon without undue delay. Only members in good standing shall be permitted to request resignation, and all financial obligations to the Club must be paid in full before a resignation is final.

b. Resignations shall be effective when approved by the Board.

c. Upon resignation from the Club, all membership rights shall be terminated, unless the member chooses to pay all Club financial obligations in order to have use of club privileges prior to sale of membership.

d. When the resignation is finalized, the membership shall be placed on the Club's waiting list for that category of membership.

e. Upon the closing of the sale of the resigned membership, the owner of the membership shall be reimbursed the current equity value less a fifteen (15) percent handling fee.

11. Joint and Entity Ownership of Memberships

a. A membership may be owned solely by one individual or jointly by husband and wife.

b. A Membership may be owned by an estate or trust providing that such ownership was caused by a transfer incidental to death or divorce as described in Sections 10.b, 10.c.

c. A membership that is owned by a revocable trust shall be considered for all purposes to be owned by the grantor of such trust if the grantor is also the primary beneficiary of the trust.

d. During any time a membership is owned in violation of this Section, the owners of the membership shall have none of the membership rights described in Article X, shall not be entitled to vote, and shall not be entitled to serve as an Officer, Director, or serve on committees.

12. Membership Sales

Sales of Golf and Social Memberships are available through the Club. They are also available from the Members' Waiting Lists. These lists result from member resignations, death or other causes. The Waiting Lists for Golf and Social memberships shall be kept separately. All sales referred to in this Section shall be made by the Club. The Club's memberships may be sold at any

time. A special accounting shall be kept for all receipts and disbursements related to the sale and redemption of Golf and Social memberships. One half of the current equity payment (not including transfer fees, payments to change membership classification and resignation handling fees) shall be allocated to an account to be used for future redemptions and sales; the other half shall be used for capital expenditures. Immediately after the special accounting indicates a balance of the monetary equivalent of one fully paid Golf membership, a sale shall be made from a Members' Waiting List. These sales shall alternate between a Golf Membership first and then a Social Membership. No memberships shall be sold from the Members' Waiting Lists until there is an accounting balance of one fully paid membership of that classification.

Notwithstanding the above, the Board may, at its discretion and for any single year, waive the above provision that requires one half of the current equity payment to be used for capital expenditures. In such case, the entire payment received from new members for that year will be allocated to an account to be used for future equity redemptions.

13. Changes in Membership Classification

All owners of Equity Memberships shall be entitled to change the classification of their memberships as stated below:

a. Owners of Founder Golf Memberships may make application in writing to the Board for a change to a Founder's Social Membership. The Golf Membership shall be offered for sale as in Section 13. and the owner shall continue to maintain his Golf Membership status until the membership is sold. After the sale of the Golf Membership, the member shall surrender his membership to the Club, and a new Founder Social Membership shall be issued as a replacement. At this time the member shall receive a return on his Equity Payment equal to the amount received for the Golf Membership less the amount paid for the last recorded sale of a Social Membership. A 15% handling fee will be charged on the amount of the Equity Payment as determined by the above calculation.

During the period of time in which an owner is waiting for the Golf Membership to be sold, they shall be given the opportunity to make an annual election to pay in cash the Social Membership dues for that year, in which case the difference between the Golf and Social Membership dues for that year shall be charged against the members equity value. The cumulative amount of these annual charges, plus the 15% handling fee, shall not be allowed to exceed the member's equity value.

Notwithstanding the above, the maximum length of time for such member to be responsible for Golf dues shall be limited to four full years.

b. Owners of Golf Memberships may change their membership classification as above except that they shall be issued a Social Membership as a replacement.

c. Owners of Founders Social Memberships may change classification to Golf Memberships as stated in Article IX, Section 3.c.

d. Owners of Social Memberships may make application to the Board and change classification to a Golf Membership if one is available. The additional Equity Payment due at this time shall be the difference between the amount charged for the last Golf Membership and the last Social Membership sold. An additional amount will be due equal to the difference charged as an Initiation Fee for the last Golf Membership and the last Social Membership sold.

14. Marriage Between Members

In the event of a marriage between members, both may retain their individual memberships if desired, or they may elect to resign one of the memberships as described in Section 13.

15. Rights of Tenants

Tenants of properties owned by an Equity Member are entitled to the use the club facilities. Evidence of tenancy must be provided. All tenants shall pay a Temporary Membership Fee and any other charges and fees as determined by the Board. Tenants of properties owned by Golf Members are required to pay greens fees and cart rental fees. All tenants are subject to the Club rules.

16. Single Members

Unmarried members who elect to be classified as "Single Members" (and are confirmed as such by the Board) shall be:

- a. charged 75% of the normal dues for their category of membership, i.e. single golf members will pay 75% of the regular golf dues and single social members will pay 75% of the regular social dues.
- b. responsible for ½ of the regular food minimum charge.
- c. responsible for a full share of all assessments for their category of membership, notwithstanding the provisions of Article XVII, Miscellaneous, Section 2. Assessments.

The Board of Directors shall have the absolute right to determine who qualifies as a "single member" under this Section.

Article X. SPECIAL MEMBERSHIPS AND USE PRIVILEGES

1. Non-equity memberships

The Board may issue non-equity memberships with terms and conditions to be determined by the Board. Non-equity members are not permitted to vote or hold office.

2. Non-member use

The Board shall establish guidelines for non-member use of the Club's facilities and publish these in the Club rules.

Article XI. GUEST PRIVILEGES

Guests of Equity Members may be extended guest privileges subject to applicable guest fees, established by the Board. Guest privileges may be denied, withdrawn or revoked at any time for reasons considered sufficient by the Board. The term "guest" shall not include paying tenants of a member's residence. A house guest is defined as a guest residing in a member's residence for at least one night. All other guests of a member shall be considered day guests.

Day guests must be accompanied by the member at all times when using any facility of the Club,

unless otherwise determined by the club, and in accordance with the Club rules relating to guests and upon payment of the applicable daily guest fees and/or daily guest charges.

House guests are permitted to use the Club Facilities unaccompanied by the member in accordance with the Club rules relating to guests.

Article XII. DUES, FEES AND CHARGES

Dues are established and payable with any applicable taxes, in advance, as determined by the Board.

All dues and fees shall be applied against the Club's operating costs which, for this purpose, shall also include debt service and the cost of certain designated capital expenditures for which a user fee is charged. It shall be the policy of the Club that dues, plus other receipts, shall be sufficient, insofar as possible, to meet the annual operating expenses of the Club.

Except as otherwise provided herein, memberships which terminate during the membership year are not entitled to a refund of any dues, except by Board ruling on a written petition for such refund. New members, upon admission, shall pay a share of the current dues proportionate to the months remaining in the membership year.

Article XIII. CLUB PROPERTY AND GOLF CAR RENTAL

All members, their families and guests who cause damage to or loss of Club property, including golf cars, shall pay the cost of repairing or replacing any such property, unless released from doing so by the General Manager or the Board of Directors.

All members and guests who use a golf car must be familiar with the operation of said golf car and shall abide by the golf car "Rules and Regulations" as approved by the Board of Directors.

Except for the acts of gross negligence or willful misconduct, neither the Club nor its Directors, agents, servants or employees shall have any liability for damages or equitable relief either directly or indirectly connected with the use of the golf car.

Article XIV. DELINQUENCIES

1. Statements

An itemized statement of all current charges shall be mailed monthly to each member. Any charges not paid in full to the Club within thirty (30) days of mailing shall be deemed delinquent. The member shall not be considered a member in good standing. Delinquent statements shall accrue a service charge of up to the legal limit until paid in full. Members who are no longer in good standing shall not be entitled to vote and shall be subject to such action as is determined appropriate by the Board. The failure of any member to pay dues within the prescribed period may constitute grounds for forfeiture of such member's membership in the Club and at the discretion of the Board, the forfeiture of the member's equity in the Club.

2. Liens

The Club shall execute a lien against any member who fails to pay his annual dues and/or who fails to make payment on charges incurred by said member. Costs advanced by the Club on behalf of any member may also be subject to a lien. Such liens, in addition to including the amount owed, shall also include reasonable attorney's fees incurred by the Club in collecting monies owed and the costs of enforcing such liens, whether or not legal proceedings are instituted. A lien initiated by the Club may be recorded in the public records of Yancey and/or Madison Counties, by filing a claim, which states the name of the member, the number of the membership, and the amount claimed to be due. Any such lien shall continue in effect until sums secured by the lien, together with all costs for recording and enforcing, are paid. Either the President or Treasurer of the Club must sign a claim of a lien against a Club member. Upon full payment the member shall be reinstated to membership in good standing, and shall be entitled to a satisfaction of lien to be prepared and recorded at the member's expense. Liens as described above may be foreclosed upon by the Club in any action at law or in equity, with or without legal proceedings, upon ten (10) days prior written notice. The Club may also, at its option, sue to recover a money judgment for unpaid annual dues, or other charges or costs advanced, without waiving the lien securing the same.

Article XV. DISCIPLINE

Any member or any family member or guest of such member whose conduct shall be deemed by the Board to be improper or likely to endanger the welfare, safety, harmony or good reputation of the Club or its members, may be reprimanded, fined, suspended or expelled from the Club by action of the Board. The Board shall be the sole judge of what constitutes improper conduct. Reasons for expulsion or suspension may include, but not be limited to:

- a. submission of false information on the application for membership;
- b. submission of false information regarding the use privileges for a guest of the member;
- c. unsatisfactory behavior, deportment or appearance;
- d. failure to accompany a guest when required in using facilities of the Club;
- e. failure to pay dues, fees, charges or Club accounts in a proper and timely manner;
- f. failure to abide by the rules and regulations as set forth for use of the facilities of the Club;
and
- g. treatment of the personnel or employees of the Club in an unacceptable manner.

1. Board Action

A member shall be notified of any proposed disciplinary action and shall be given an opportunity to be heard by the Board to show cause why such member should not be disciplined in accordance with the provisions stated. If the member desires to be heard, the member must provide a written request for a hearing to the Board within thirty (30) days of the date of the Club's notice to the member of the proposed action. Upon the Board's receipt of the written request for a hearing, the Board shall set a time and date not less than ten (10) days thereafter for such hearing. While the

Board is considering such complaint, the member shall enjoy all privileges of the Club to which the member was entitled prior to such complaint.

2. *Suspension*

The Board may suspend a member or any family member or guest of such member from some or all of the privileges of the Club for a period of up to one (1) year. Dues and other obligations shall accrue during such suspension and must be paid in full when due.

3. *Resignation Request by Board*

The Board may, by a two-thirds (2/3) vote of the Directors, request the resignation of any member of the Club for cause deemed sufficient by the Board.

4. *Expulsion*

A member may be expelled or suspended by the Club if the Board determines that the member's conduct was improper or likely to endanger the welfare, safety, harmony or good reputation of the Club or its members. Any member of the Club who has been expelled shall not again be eligible for membership nor admitted to the Club's property under any circumstances. A member who has been expelled from the Club may forfeit his membership in the Club, and, at the sole discretion of the Board, may not be entitled to the return of any portion of the Equity Payment or other dues and fees previously paid to the Club. An expelled member shall be notified by registered mail and shall have the obligation to surrender the membership and, at the option of the Club, shall forfeit all rights and privileges of membership.

Article XVI. CORPORATE SEAL

The Corporate Seal shall be circular in form and shall have inscribed thereon the name of the Club and the words "seal", "North Carolina", "Club Not-for-Profit" and the year of Corporation. The Corporate Seal shall be in the possession of the Secretary of the Club and be affixed by the Secretary to all documents relating to the official acts of the Club, as authorized by the Board.

Article XVII. MISCELLANEOUS

1. *Fiscal Year*

The fiscal year of the Club shall commence on the first day of January and conclude on the last day of December.

2. *Assessments*

The Board may find it necessary to assess members, in addition to their dues, to cover operating deficits and to maintain adequate operating cash reserves. For this purpose, adequate cash operating reserves is defined as the amount of \$100,000, and the time frame to achieve this reserve amount shall not be less than four (4) years from June 2010. Any assessments to cover operating deficits and to establish adequate operating cash reserves shall be prorated among members of the Club based upon the dues charged each member during the year in which the operating deficit, if any, occurs.

Assessments for capital expenditures whereby members are asked to pay an assessment in excess of \$100,000 within any membership year for a specific capital expenditure, shall require two-thirds (2/3) favorable votes cast by the members responsible for paying the assessment. Golf and Social Members shall pay assessments for capital expenditures for the golf facilities, with the amount paid by each of the Golf members to be twice the amount paid by each Social member. All other assessments for capital expenditures shall be prorated equally among all members of the Club.

An assessment of less than \$100,000 in the aggregate within any membership year, whereby the funds are to be used or set aside for capital expenditures, may be done at the discretion of the Board and shall not require member approval. This assessment shall be prorated equally among all members of the Club.

3. Use of Membership Equity Payments and Handling Fees

The Club may use membership equity payments and collected handling fees for any purpose during the first three years of operation. Thereafter, handling fees shall be used for operating expenses and membership equity payments shall be used as described in Article IX, Section 13. Fees collected from Golf and Social Memberships shall fund capital improvements of golf facilities. The Board shall determine the allocation of these fees.

4. Conflict Between Bylaws and Articles of Corporation

In the event of a conflict between the provisions of these Bylaws and the Articles of Corporation, the latter shall prevail.

5. Gender and Number

In all cases as used in these Bylaws, the masculine shall include the feminine and the singular shall include the plural unless otherwise designated.

6. Parliamentary Authority

The rules contained in the current edition of Robert's Rules of Order Newly Revised shall govern the Club in all cases to which they are applicable and in which they are not inconsistent with these Bylaws and any special rules of order the Club may adopt.

7. Dissolution or Liquidation

In the event of dissolution or final liquidation of the Club, all of the property and assets of the Club, after payment of its debts, shall be distributed, as permitted by North Carolina law, among the voting members of the Club, with each Equity Member receiving a pro rata amount based on the Equity Payment charged for each type of membership category at that time.

The decision to finally dissolve or liquidate the Club is a function of the membership. A Special Meeting of the Membership shall be called at which time a proposal to dissolve or liquidate shall be the only business discussed.

A two-thirds (2/3) vote of the members in good standing present at this meeting or proxies shall

be necessary for dissolution or liquidation.

Article XVIII. AMENDMENTS

Amendments to the Bylaws shall be proposed by either a majority of the Board or by ten percent (10%) of the members. The proposed amendment must be submitted in writing to the Legal and Bylaws Committee who shall review it for style, format and relevance without undue delay. The proposed amendment shall be transmitted by mail or in person to each member as part of the notice of any meeting at which action on the amendment is to be taken. The amendment shall be deemed adopted if approved by at least sixty- six and two thirds percent (66 2/3 %) of those voting at a duly constituted meeting of the members.

An amendment shall be effective upon adoption unless otherwise stated in the resolution adopting the amendment.