

**BYLAWS
OF
YONAHLOSSEE RACQUET CLUB, INC.**

ARTICLE I - ORGANIZATION

Section 1. Name.

The Club shall be known as Yonahlossee Racquet Club, Inc., a not-for-profit North Carolina corporation, which may hereinafter be referred to as the Club.

Section 2. Offices.

The principal office of the Club shall be located in Watauga County, North Carolina. The registered office of the Club required by law to be maintained in the State of North Carolina may be, but need not be, identical with the principal office.

ARTICLE II - PURPOSE

The purpose of the Club is to provide and maintain facilities for recreational and social activities exclusively for the members of the Club and their guests.

ARTICLE III - MANAGEMENT

Section 1. Board of Directors.

The affairs and property of the Club shall be managed by the Board of Directors whose number shall not be less than seven (7) and not more than eleven (11).

Section 2. General Powers.

The Board of Directors shall have the general charge of the interests of the Club as well as the control and management of its properties and affairs. The Board of Directors shall have the authority to adopt and amend such rules and regulations as may be necessary, convenient or expedient for the management and operation of the Club and the use of its facilities.

Section 3. Specific Powers.

3.1 Fees, Dues and Assessments.

The Board shall have the authority to set the initiation fees and dues for classes of memberships; to establish special assessments (assessments in excess of \$500 per member must be approved by a vote of the general membership); to establish membership classes and to offer membership reservations for each class; to establish and regulate user fees, guest fees and other charges for the use of the Club facilities; to supervise and regulate the charges of the tennis professionals and any other similar employee; and to set reinstatement fees.

3.2 Hiring of Employees.

Unless expressly authorized by the Board in a particular instance, no individual Board member, acting in that capacity, may employ a person on behalf of the Club. The authority to employ persons may be delegated by the Board to the General Manager upon such conditions as the Board may prescribe.

3.3 Removal.

The Board of Directors, acting by the vote of a majority of the whole Board, may remove any committee member, employee or agent of the Club at any time for any reason, with or without cause, subject to existing contracts. Unless otherwise provided by contract, employees of the Club are at all times at-will employees and may be discharged at any time for any reason with or without cause.

3.4 Penalties.

The Board shall have the power to levy penalties upon and to members of the Club for violations of the Bylaws or the rules and regulations of the Club and to prescribe late charges for delinquent payment of dues or accounts.

3.5 Examination of Records.

Any member of the Board shall have the right at any time to examine the records of the Secretary and inspect the accounts of the Treasurer.

3.6 Appointment of Committees.

The Board shall appoint all committees deemed necessary, with specific procedures and duties delegated. The Board of Directors may delegate such powers as it deems desirable to the Executive Committee or such other committee of the Board of Directors as it may establish pursuant to the Bylaws.

Section 4. Election, Term, and Qualification.

The members of the Board of Directors shall be elected according to the following procedure:

4.1 Qualification.

Members of the Board of Directors shall be dues-paying, voting (equity) Club members in good standing, without exception.

4.2 Composition.

There shall always reside on the Board a simple majority consisting of members of the Club who own property in either Yonahlossee Resort & Club, the Yonahlossee Saddle Club, the Ridge at Yonahlossee or any new subdivisions of Yonahlossee established after these Bylaws have been approved and which have been approved by the Board for membership privileges. No salaried or hourly employee of the Club may serve as a Director.

4.3 Nominating Committee.

No later than April 1 of each year, the Board of Directors shall appoint a Nominating Committee composed of two (2) members of the Board of Directors and two (2) other members of the Club who are entitled to vote on Club matters pursuant to these Bylaws. The Chairperson of the Committee shall be appointed by the Board of Directors.

4.4 Nominees, Ballot, Election and Term

The Nominating Committee shall select at least one member of the Club as nominee for each vacancy occurring on the Board of Directors at the end of such year. The Nominating Committee shall prepare and mail to each Club member entitled to vote a form of ballot for the designation of such member's choices to fill said vacancies. A member's choices may include write-in candidates. Such ballots shall be completed, returned to the Nominating Committee and the results tabulated in sufficient time for the nominees receiving the highest number of votes to be presented at the annual meeting of members as the Directors newly elected to serve for a term of three (3) years. Each Director shall hold office for a term of three (3) years or until his death, resignation, retirement, removal, disqualification,

or his successor is elected and qualifies. Directors who have completed a three(3)-year-term-of-office may be reelected to one additional consecutive term if nominated.

4.5 Rotating Terms.

The Directors shall each serve for a three (3)-year term in a staggered manner with approximately one-third of the Board elected each year for the purpose of promoting a smooth transition and continuity between elected Boards.

4.6 Changing the Number of Directors.

The size of the permanent Board of Directors may be increased or decreased from time to time upon the affirmative vote of the Board or of the Club members having in the aggregate at least sixty-six and two-thirds percent (66-2/3%) of the total votes in the Club, provided that said Board shall not be less than seven (7) in number.

Section 5. Compensation.

Directors shall serve without compensation, but may be reimbursed for reasonable expenses incurred by them in connection with their services, provided the reimbursement of such expenses is authorized by the Board. A Director may provide services to the Club in a professional capacity, but shall not receive compensation for such services except under unusual circumstances authorized by the Board.

Section 6. Ex-Officio.

If any Officer of the Club shall not be a Director, such officer shall serve as a non-voting, ex-officio member of the Board. The outgoing President may serve as a non-voting, ex-officio member of the Board at his or her option. Each year, the board of Directors shall appoint a non-equity member of the Club to serve in an ex-officio, non-voting, advisory capacity to the Board at its regular meetings. An individual appointed to the board in this capacity may not serve more than three (3) consecutive years. This individual may not be present during executive sessions of the Board.

Section 7. Voting for Directors.

Each Member (entitled to vote on Club matters as defined in Article IX, Section 7 herein) shall have the right to cast one vote for as many persons as there are Directors to be elected. No cumulative voting will be allowed.

Section 8. Removal.

A Director may be removed with or without cause by:

8.1 Member Vote.

A vote of the members entitled to cast at least sixty-six and two-thirds percent (66-2/3%) of the total votes in the Club at a special meeting called for such purpose.

8.2 Attendance.

A Director shall be deemed to have resigned upon failure to attend half (1/2) or more of the meetings of the Board during any year unless a majority of the remaining members of the Board waive such deemed resignation for good cause.

8.3 Board Vote.

A Director may be removed from the Board by the remaining members of the Board in total, if such Director is considered by the remaining members of the Board to be conducting his or her actions with a demeanor that is considered not in the best interest of

the Club.

Section 9. Vacancies.

A vacancy occurring on the Board of Directors may be filled for the unexpired term by the affirmative vote of a majority of the remaining members of the Board of Directors, though less than a quorum.

Section 10. Limit of Terms.

No Director shall be elected to serve for more than two (2) consecutive terms. Upon being out of office as a Director for one (1) year, a member of the Club may again be elected to the Board.

ARTICLE IV - GENERAL MANAGER

The Board shall have the power to hire, supervise and delegate administrative functions to a General Manager of the Club, who will serve at the pleasure of the Board. The General Manager will, from time to time, assist in performing delegated administrative duties of the Officers of the Club, at the discretion of the Board. The General Manager shall see to the needs and comfort of Club members who are using the Club facilities and shall deliver to Club members a high quality of service. The General Manager's position may also be incorporated into the Director of Tennis position, depending upon the nature of the Director of Tennis' employment agreement negotiated with the Board. In the absence of a General Manager, the President shall serve as the Chief Executive of the Club.

ARTICLE V - MEETINGS OF DIRECTORS

Section 1. Regular and Annual Meetings.

Regular meetings of the Board of Directors shall be held at least once each calendar quarter, but may be held more often at the discretion of the Board. The Annual Meeting of the Board shall be held without undue delay after the Annual Meeting of the members of the Club as designated by the President or by the Board for the purpose of orienting new Directors and taking such other action as may be required, including the election of officers for the succeeding year.

Section 2. Special Meetings.

Special meetings of the Board of Directors may be called by or at the request of the President or any two Directors. Such meetings may be held at the time and place designated in the notice of the meeting.

Section 3. Notice of Meeting.

Regular and Annual Meetings of the Board of Directors may be held without written notice of the date, time, and place or purpose of the meeting. The Secretary or other person or persons calling a Special Meeting of the Board shall give notice by any usual means of communication to be sent at least two (2) days before the meeting if notice is sent by means of telephone, fax, email, or personal delivery, and at least five (5) days before the meeting if notice is sent by mail. A Directors attendance at, or participation in, a meeting for which notice is required will constitute a waiver of notice, unless the Director, at the beginning of the meeting (or promptly upon arrival), objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

Section 4. Quorum.

A majority of the number of Directors fixed by these Bylaws shall be required for, and shall constitute, a

quorum for the transaction of business at any meeting of the Board of Directors. All action shall be taken by majority vote, except where a different vote is allowed or required in the Bylaws. Each member of the Board shall be entitled to one vote, and voting by proxy shall be permitted as long as a quorum is present in person at the meeting.

Section 5. Presumption of Assent.

A Director who is present at a meeting of the Board of Directors at which action on a matter is taken, is deemed to have assented to the action taken unless (a) the Director objects at the beginning of the meeting or promptly upon arrival to holding the meeting or transacting business at the meeting, or (b) the Directors abstention is entered into the minutes of the meeting, or (c) the Director delivers a written notice of dissent or abstention to the presiding officer of the meeting before adjournment or immediately after adjournment. The right of dissent or abstention is not available to a Director who voted in favor of the action.

Section 6. Action Without Meeting.

Action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting if the action is taken by all members of the Board. The action must be evidenced by one or more written consents signed by each Director before or after the action is taken, describing the action taken, and included in the minutes or filed with the corporate records. Action taken without a meeting is effective when the last Director signs a consent, unless the consent specifies a different effective date.

Section 7. Meetings by Communications Device.

The Board of Directors may permit any or all Directors to participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all Directors participating may simultaneously hear each other during the meeting. A Director participating in a meeting by this means is deemed to be present in person at the meeting.

ARTICLE VI - OFFICERS

Section 1. Officers and Election of Officers.

The officers of the Club shall be a President, a Secretary, a Treasurer, and such Vice Presidents, Assistant Secretaries, Assistant Treasurers and other officers as the Board of Directors may from time to time elect. Any two or more offices may be held by the same person except the offices of President and Secretary. Each Officer shall be appointed by the Board, and shall serve for a term of one (1) year, or until such time as a successor shall be duly appointed and qualified, or until the earlier death, resignation or removal of the Officer.

1.1 Compensation.

Officers shall serve without compensation, but may be reimbursed for reasonable expenses incurred by them in connection with their services, provided the reimbursement of such expenses is authorized by the Board. An Officer may provide services to the Club in a professional capacity and, as authorized by the Board, may receive compensation for those services.

Section 2. Qualification.

The President, Vice President, Secretary, and Treasurer of the Club shall be elected by the Board of Directors of the Club.

Section 3. President.

3.1 Presiding Officer.

The President, or her or his designate if both the President and Vice President are not in attendance, shall preside at all meetings of the membership of the Club and of the Board, and shall perform the usual functions of a presiding officer.

3.2 Contracts.

The President shall have authority to bind the Club on contracts and obligations of the Club which are approved by the Board of Directors.

3.3 Special Meetings.

The President shall have the authority to call a special meeting of the Board at any time, and shall do so upon written request of two (2) or more Directors.

3.4 Ex Officio.

The President shall be an ex-officio member of all committees and shall have the authority to call a meeting of any committee at any time.

3.5 Committee Appointments.

The President shall, at the request of the Board, appoint the standing committees and any special committee with the exception of the Membership Committee.

3.6 Tie Votes.

If the President is a duly elected member of the Board, he may or may not vote on any action, except in case of a tie, when he must vote. If he is not a duly elected member of the Board he may not vote except in the case of a tie.

Section 4. Vice President.

The Vice President shall perform the duties of the President in the President's absence or inability to act. Any action taken by a Vice President in the performance of duties of the President shall be presumptive evidence of the absence or inability of the President to act as the President at the time the action was taken. A Vice President shall have such other powers and perform such other duties as may be assigned by the Board of Directors.

Section 5. Secretary.

The Secretary shall give notice of all meetings of the Club and of the Board, and shall keep minutes of such meetings. The Secretary shall conduct the correspondence and keep the records of the Club and shall have the custody of its Bylaws and corporate seal. The Secretary shall perform all duties incident to the office of Secretary and such other duties as may be prescribed from time to time by the President or the Board of Directors.

Section 6. Treasurer.

6.1 Collection of Monies: Maintenance of Accounts.

The Treasurer shall monitor all funds and securities belonging to the Club. The General Manager or his or her designate shall receive, deposit, and disburse the same under the direction of the Board of Directors. The Treasurer shall cause full and accurate accounts of the finances of the Club to be kept in books especially for that purpose.

6.2 Reports and Returns.

The Treasurer shall cause a financial statement for the Club to be prepared and published on an annual basis in conjunction with the Club's fiscal year-end. The Treasurer shall cause all reports and returns required by Federal, State, or local law to be prepared and filed. The Treasurer shall cause financial reports to be prepared and delivered at each

regular meeting of the Board of Directors.

6.3 Other Duties.

The Treasurer shall generally perform all other duties as shall be prescribed from time to time by the President or the Board of Directors.

6.4 Delegation of Duty.

The Treasurer and/or Secretary may, with the consent of the Board, delegate certain duties of their offices to employed Club personnel.

ARTICLE VII - COMMITTEES

Section 1. Committees.

The Board of Directors shall appoint all standing and special committees, with specific procedures and duties delegated.

1.1 Standing Committees.

There shall be the following Standing Committees: 1) Executive Committee, 2) Finance Committee, 3) Buildings and Grounds Committee and 4) Tennis Committee.

1.2 Executive Committee.

At the Annual Meeting of the Board, the President shall appoint an Executive Committee consisting of not less than three (3) members of the Board. The President shall serve as the Chairperson of the Executive Committee.

1.3 Special Committees.

The Board of Directors may from time to time designate such other committees in addition to the standing committees as it may deem necessary or appropriate. The President, subject to the approval of the Board, shall appoint the members and designate the chairmen of the special committees. The designation of any special committees shall be subject at all times to the direction and control of the Board.

1.4 Committee Chairpersons.

Within thirty (30) days following the Annual Meeting of the Board, the President shall appoint, with the concurrence of the Board, a Chairman of each committee.

1.5 Committee Members.

Promptly following his or her appointment, each Chairperson, subject to the approval of the President, shall name the members of his or her committee.

1.6 Ex Officio.

The President shall be an ex-officio member of all committees.

1.7 Vacancies.

Any vacancy occurring on any committee may be filled by the Chairperson of the Committee with the approval of the President.

Section 2. Powers and Duties.

Each Committee shall have the powers, duties and responsibilities set forth in the Board-approved Job Description on file with the Secretary, and such other duties that may be assigned by the Board. No committee shall

expend any monies or make any contracts for any expenditures of any monies without the express approval of the Board of Directors. Any monies budgeted for the use of any committee shall not be expended or used without the written authority of and approval by the Board.

Section 3. Compensation.

All Committee Chairpersons and Committee members shall serve without compensation and at the pleasure of the Board.

Section 4. Standing Committees.

4.1 Executive Committee.

The Executive Committee shall consist of not less than three (3) members of the Board of Directors. The President must serve as one of the members of the Executive Committee. The Executive Committee shall have the authority to transact such business as is necessary and expedient between meetings of the entire Board of Directors. This committee shall serve as a Compensation Committee for professional employees of the club. The Board of Directors may from time to time review and redefine the powers of the Executive Committee. The President shall appoint a member of the Executive Committee to transcribe minutes detailing any actions or business conducted by the Executive Committee for delivery within ten (10) days to the Secretary.

4.2 Finance Committee.

The Finance Committee shall have general supervision of all finances of the Club. It shall see that the books of the Treasurer are properly kept and shall designate an auditor when necessary. It shall prepare or cause to be prepared a budget under which the Club shall operate during each fiscal year, and shall submit such budget for approval by the Board. The committee shall make recommendations to the Board from time to time as it deems appropriate on any matter involving the financial operation of the Club. The Committee may delegate some of its responsibilities to the General Manager/Director of Tennis with Board approval.

4.3 Buildings and Grounds Committees.

The Buildings and Grounds Committee shall have the general supervision of the Club buildings, furniture, fixtures and equipment and the maintenance and improvement of the grounds. It shall have the authority to see that adequate personnel are provided to keep the buildings and grounds in proper order subject to Board approval. It shall see that the facilities and grounds are operated so as to render a high quality of service to the membership.

4.4 Tennis Committee.

The Tennis Committee shall have supervision of the tennis operations, swimming, sports, and social functions of the Club. It shall be responsible for making recommendations to the Board for the hiring of the Director of Tennis and shall, with the Director of Tennis, make recommendations to the Board for the implementation of such rules and regulations as are necessary from time to time.

ARTICLE VIII - MEMBERSHIP

Section 1. Membership Status.

Members of the Club shall be the persons who have been duly admitted by the General Manager/Director of Tennis as members of the Club in their respective membership classes from time to time. The privileges, dues,

assessments and fees of each class of membership shall be as specified in the Bylaws and in such rules as may be promulgated from time to time by the Board of Directors. The Board, in its discretion, may limit the number of members within any non-voting membership category. Members in good standing are those members who shall have paid all required initiation or other fees, assessments, dues and incurred charges. A membership terminates at the resignation or expulsion of the member. A membership may not be sold, assigned or otherwise transferred, except as defined below in these Bylaws.

1.1 Voting on Club Matters.

Members of the Club, who are entitled to vote on Club matters, i.e., those members of the Club with equity memberships, may vote on the following: (a) election of Directors at annual meetings (b) amendment of the Bylaws (c) any Club business brought before the members by the Board for a vote at an annual meeting or (d) any Club business brought before the members by the Board for a vote at a special meeting of the members. For voting purposes, membership units, e.g., spouses, families or two-person households holding a single membership, shall have a single vote per unit.

Section 2. Membership Categories.

A person must apply for membership to be admitted by the Board as a member of the Club. The Club shall have the following general membership classes: Resident, Community and Single Adult. Equity memberships, required for voting, may occur in any of these classes. All new Resident Memberships shall be structured as equity memberships requiring payment of the appropriate fees. The Board may from time to time create additional membership categories (non-voting only) and likewise may retire or revoke such non-voting memberships and membership categories at its discretion. Members of the Club shall enjoy the privileges of their respective membership categories as they may be defined by the Board from time to time.

2.1 Individuals not Deemed Members.

The following persons shall be entitled to certain privileges of the Club as determined by the Board from time to time but shall not be considered members: (a) spouses of members where the membership is not held jointly, (b) members' unmarried children who are either full-time students or are under the age of 25, and (c) hourly or salaried employees. Members, however, have priority for the use of the club facilities should there be a scheduling conflict between employees using the club's facilities and members. For purposes of these Bylaws, "full-time student" shall mean a member's child who is attending school at least eight (8) months out of a twelve (12) month period.

2.2 Resident Member.

A family unit approved for membership and composed of at least two (2) persons, at least one of whom is an adult owning an interest in real estate at Yonahlossee Resort & Club on Shulls Mill Road, Yonahlossee Saddle Club on Poplar Grove Road, the Ridge at Yonahlossee on Poplar Grove Road or other Yonahlossee-affiliated developments eligible for membership privileges (hereinafter referred to as "other qualifying Yonahlossee property") in Watauga County. Such family unit may include unmarried dependent children under the age of 25 living at home or at school. This membership is transferable to the extent allowed by these Bylaws.

Property Owners who rent their property at Yonahlossee Resort & Club and Yonahlossee Saddle Club or other qualifying Yonahlossee property must have a Resident Membership for each property offered for rent in order for their renters to be eligible for guest privileges at the Club.

A Resident Member shall enjoy all the privileges of the Club, including the privileges of voting and being eligible to serve on the Board of Directors. A Resident Member shall pay

the initiation fee that is set from time to time by the Board, and shall pay the dues and assessments that are set from time to time by the Board. Resident members who took advantage of the one-time offer to join the Club in 2005 by simply beginning to pay monthly dues and any potential future assessments, are not eligible to vote unless they pay the Initiation Fee in force at the time of their decision to become voting members.

In the event a Resident Member sells or transfers all of his property in Yonahlossee Resort and Club, Yonahlossee Saddle Club the Ridge at Yonahlossee, or other qualifying Yonahlossee property, the selling member may become a Community Member. Should a Resident Member sell his property in Yonahlossee Resort and Club, Yonahlossee Saddle Club, the Ridge at Yonahlossee, or other qualifying Yonahlossee property, the buyer of such property shall have a right to apply for and be considered for membership in the Club if said Buyer joins the Club simultaneously with closing on the property, subject to acceptance of Buyer's application for membership and payment of membership initiation fees, etc. If the seller of the property did not have a Resident Membership at the time of sale, the buyer may apply for a Resident Membership in the Club if an opening is available under the caps set by the Board of Directors, but only if the new member or the seller of the property pays the required reinstatement fee as set by the Board of Directors. In addition, the new member shall be required to pay the Initiation Fee in force at the time of application and will, therefore, be considered an equity member and will be eligible to vote on club matters.

Should a Resident Member transfer his or her property to a son or daughter, and the son or daughter wishes to retain Club membership, he or she may take title to that certificate without payment of any fees provided that the transfer of title has been approved by the Board. The new owner would be responsible for continuing to pay the monthly fees and any club assessments.

2.3 Community Member (Voting).

A family unit approved for membership composed of at least 2 persons NOT owning real estate at Yonahlossee Resort & Club, Yonahlossee Saddle Club, the Ridge at Yonahlossee, or other qualifying Yonahlossee property with (or without) dependent children under the age of 25 living at home or school. The Community member shall pay the initiation fee that is set from time to time by the Board and shall pay the dues that are set from time to time by the Board. Community members may be equity members following the payment of the appropriate-level initiation fee. Equity Community Members shall have the right to vote on Club matters brought before the membership and the right to serve on the Board of Directors if duly elected. Non-equity Community Members shall enjoy the same Club privileges as a Resident Family Member, with the exception that they shall be non-voting members.

A community membership is not automatically transferable, as the Club Directors may have set caps on membership categories, should the Community Member resign or withdraw from the Club. Effective upon adoption of these Bylaws by the Board of Directors of Yonahlossee Racquet Club, Inc., a Community Member who subsequently purchases property in Yonahlossee Resort & Club, Yonahlossee Saddle Club, the Ridge at Yonahlossee or other qualifying Yonahlossee property must convert his or her membership to Resident Member status and must pay the difference, if any, in the membership and initiation fees applicable to such change.

2.4 Single Adult Member.

Any unmarried person (over the age of 21) without children (under age 21 or residing at home) with or without ownership of property at Yonahlossee Resort & Club, Yonahlossee

Saddle Club, the Ridge at Yonahlossee, or other qualifying Yonahlossee property. An unmarried property owner at Yonahlossee Resort & Club, Yonahlossee Saddle Club, the Ridge at Yonahlossee, or other qualifying Yonahlossee property whose property is being offered for rent must be a Resident Member in order for his/her renters to be eligible for guest privileges at the Club, and in order for any subsequent buyers to be eligible to apply to the Club for Resident Membership.

A Single Adult Member shall pay the initiation fee that is set from time to time by the Board and shall pay the dues that are set from time to time by the Board. Such member shall have the same rights as a Resident Member.

2.5 Resident Member / Multiple-Joint Ownership of Property.

In the event that there are multiple owners of the same property within Yonahlossee Resort & Club, Yonahlossee Saddle Club, the Ridge at Yonahlossee, or other qualifying Yonahlossee property, the owners are not immediate family and each owner desires membership in the Club, the Club shall require the payment of one (1) initiation fee (indexed to the Property) and the payment of a separate set of dues by each joint owner/family unit who wishes to join. Joint Owner/members shall have one (1) collective vote to cast on Club matters.

Payment of one (1) initiation fee by joint owners of the same property shall only be an option for those owners whose property is eligible for membership and who join simultaneously with payment of the initial initiation fee. If a joint owner does not join the Club and begin paying dues simultaneously with the payment of the initial initiation fee that owner is not eligible to apply for Resident Membership while remaining a joint owner.

Should a joint owner cease to be a joint owner of such a property, and become the owner of a separate property within Yonahlossee Resort & Club, Yonahlossee Saddle Club, the Ridge at Yonahlossee, or other qualifying Yonahlossee property that former joint owner may be required to pay a reinstatement fee and a separate initiation fee to the Club if the property lacked membership privileges. If the property is eligible for membership because the seller has an Equity Resident Membership, the new owner would only be required to pay the initiation fee in effect at the time of purchase. By arrangement between the two former joint owners, the remaining joint owner and the new resident buyer may split the payment of the initiation fee. Guest rules and fees shall apply to any joint owner under this section who is not a member.

Section 3. Surviving Spouse.

The membership of any deceased member may be transferred to the surviving spouse of such deceased member along with such member's rights to refundable capital investment upon application by such surviving spouse to the Board and its approval, without payment of any fee, other than maintenance of applicable dues.

3.1 Remarriage.

Upon remarriage of a surviving spouse who has continued as a member in good standing under this Section 3, such surviving spouse shall be entitled to continue his or her Club membership subject to payment of dues for the applicable class of membership under these Bylaws.

3.2 Divorce.

In the event of a divorce, and/or agreed upon settlement, a divorced spouse may retain the membership awarded by the court without payment of a transfer or initiation fee.

Section 4. Change of Membership Category.

Any member whose changed circumstances would cause a change in membership category or classification may apply for the new membership if a membership is available under the caps set by the Board of Directors, and shall receive credit for initiation fees previously paid, but such member must pay the difference, if any, between the fees paid and the fees applicable at time of application to such membership change. No refund or credit shall be given, however, if the initiation fee of the new classification is less than the initiation fee of the previous membership. All changes in membership category are subject to limitations on memberships available in each membership category (i.e., membership caps).

4.1 Refundable Capital Investment / Refundable Assessments.

If a member applies for and proceeds to change membership category, the member shall receive full credit for any refundable capital investment or refundable assessments previously paid by such member. Refundable required capital investment or refundable assessments may increase upon change in membership category and, upon payment of the difference, the member may change category, subject to application approval. Refunds of capital investment shall become payable to a resigned member upon that member's replacement by a new (i.e., an additional) member of the same membership category or class or upon terms set by the Board in its discretion. Resigned members shall receive refunds of capital in chronological order indexed to the effective date of their written resignations.

Section 5. Membership Certificates.

Resident and Community Members who are married have the option of having their membership certificates recorded in either spouses name or held jointly.

5.1 Surviving Spouse.

If there is a death of one spouse in a jointly owned membership certificate, the surviving spouse shall automatically have full title to the certificate. If there is a death and title in the membership certificate is in the name of the deceased only, then the surviving spouse may take title to that certificate without payment of any fees provided that the transfer of title has been approved by the Board. See Section 3 above.

Section 6. Resignation or Death.

6.1 Resignation.

Resignation by a member must be made in writing addressed to the General Manager and specifying the effective date of the resignation. If no date is specified, the resignation shall be deemed effective upon the General Manager's receipt of written notice.

6.2 Death.

In the case of death of a member, the personal or legal representative for the estate of that member shall transfer in writing the membership of the deceased member to the Club. Such membership shall be deemed canceled if notice is not delivered pursuant to this Section within sixty (60) days of death. Should the son or daughter of a deceased member inherit the property of a Resident Equity member and wish to remain a member of the Club, he or she may do so by simply continuing to pay the monthly dues.

Section 7. Limitations on Number of Members (membership caps).

The total number of Club memberships of all categories may be limited as determined by the Board of Directors. Other membership categories (non-voting) may coexist within these limitations until such time as they

are retired or revoked at the Board's discretion.

Section 8. Privileges Extended to Spouses and Children (i.e., immediate family).

The spouse and eligible children of a member may enjoy the privileges of the class of membership to which the member belongs except for the rights to (1) vote at membership meetings or (2) serve on the Board of Directors. Eligible children are defined as children of members who are unmarried or have not attained the age of twenty-five (25) years.

Section 9. Indebtedness of Family Members and Guests.

Each member is responsible for any indebtedness to the Club incurred by members of his or her immediate family. A member sponsoring a guest for Club privileges under the established guests policies of the Club is responsible for all charges incurred by the guest. The Sponsor of a Rental Guest shall be responsible for all Club charges incurred by such Rental Guest.

Section 10. Applications for Membership.

Applications for Club membership must be made to the General Manager.

Section 11. Suspension or Termination.

Any member may be suspended or expelled for any reason deemed sufficient in the sole discretion of the Board. An affirmative vote of five (5) of the Directors by secret ballot shall be required for suspension and a unanimous vote of the Directors serving at the time shall be required for expulsion.

Section 12. Nepotism.

With the exception of Robert S. Lake, Director of Tennis, neither Club members nor their children shall be employed by the Club on a regular basis.

Section 13. Nondiscrimination Policy.

It is the policy of the Club not to discriminate in the admission of any applicant to membership on the basis of race, sex, creed, religion, national origin, age or handicap.

ARTICLE IX - MEETINGS OF MEMBERS

Section 1. Place of Meetings and Management of Meetings.

All meetings of members of the Club shall be held at Yonahlossee Racquet Club, or at such other place as shall be designated by the Board of Directors, and shall be conducted in accordance with Roberts Rules of Order, revised or in accordance with such other rules as are adopted by a majority of the persons present in person or by proxy at such meetings.

Section 2. Annual Meetings.

The Annual Meeting of the members of the Club shall be held during the month of August each year or on such later date as the Board shall determine, pursuant to Section 3 of this Article IX. Notice of the date of the Annual Meeting shall be mailed to each member.

Section 3. Substitute Annual Meetings.

If, for any reason, the Annual Meeting shall not be held on the day designated, a substitute date may be designated in accordance with the provisions of Section 4 of this Article. A meeting so called shall be designated and treated for all purposes as the Annual Meeting.

Section 4. Special Meetings.

Special meetings of the members may be called at any time by the President or by the Board of Directors of the Club.

Section 5. Notice of Meetings.

Notice of meetings shall be delivered or mailed to each member entitled to vote at such meetings not less than ten (10) days before the date thereof, at the direction of the President or the Secretary.

Section 6. Quorum.

Thirty percent (30%) of the voting members of the Club present in person, or by proxy, shall constitute a quorum at all membership meetings, and at all such meetings a majority of those so voting shall determine the result, except where a vote of the members requiring a supermajority of the total votes in the Club is necessary to determine the result as required by these Bylaws.

Section 7. Voting.

The right to vote on any Club business, is limited to the following membership categories:

- 1) Resident (Equity) Member
- 2) Equity Community Member
- 3) Single Resident or Equity Adult
- 4) Resort Inn Member

Each Equity Resident, Equity Community or Equity Single Adult membership is entitled to one (1) vote on matters of business at Club membership meetings. Where a Resident Member or Single Adult Member pays more than one (1) set of dues for the purpose of providing rental units with guest privileges, such Resident Member or Single Adult Member shall be entitled to only one (1) vote and any additional memberships maintained by such members shall be non-voting.

Section 8. Members Only.

No person (other than a members spouse) not a member of the Club shall attend any membership meeting unless invited by the President or the Board. Non-voting members may attend Club meetings, even though they may not vote on Club matters before the membership.

ARTICLE X - GUESTS

Section 1. Guest Classification.

Guests shall be determined to be anyone who is sponsored by a member to use the Club facilities. All guests must be sponsored by a member to use the Clubs facilities. Types of guests may include Rental Guests, Resort Inn Guests, Houseguests, Day Guests, and Family Guests. Guests may be allowed to use the Clubs facilities subject to Guest Rules and Fees as set by the Board of Directors from time to time.

1.1 Rental Guests.

A Rental Guest is a guest who leases the residence of a Resident or Single Adult Member in either Yonahlossee Resort & Club, Yonahlossee Saddle Club, the Ridge at Yonahlossee., or other qualifying Yonahlossee property.

1.2 Houseguests.

Houseguests are guests who temporarily and gratuitously reside in the home of a Resident, Single Adult Member, or Community Member in either Yonahlossee Resort & Club, Yonahlossee Saddle Club, the Ridge at Yonahlossee., or other qualifying Yonahlossee property

1.3 Day Guests.

Day Guests are guests who are not residing either permanently or temporarily in the home of a Resident, Community, or Single Adult Member, in Yonahlossee Resort & Club, Yonahlossee Saddle Club, the Ridge at Yonahlossee., or other qualifying Yonahlossee property

1.4 Family Guests.

Family Guests are those family members, other than immediate family, of a Club member.

Section 2. Guest Sponsorship and Responsibility.

All guests must be sponsored by a member. Members shall be responsible in all cases for the conduct and indebtedness of their guests. The value of any Club property broken or the costs of repairs to any Club property damaged by a guest shall be charged to the member sponsoring such guest.

ARTICLE XI - FINANCES

Section 1. Initiation and Reinstatement Fees.

Initiation and Reinstatement Fees for each category of member shall be set by the Board of Directors, upon such terms and conditions as the Board of Directors may from time to time determine. The Reinstatement Fee is defined as that fee required for eligibility for membership should an individual purchase property in Yonahlossee Resort & Club, Yonahlossee Saddle Club, the Ridge at Yonahlossee or other qualifying Yonahlossee property, where the seller of the property is not a Resident Member of the Club at the time of sale. If a Resident Membership is available under the caps set by the Board of Directors, the new buyer (or seller) shall be required to pay a Reinstatement Fee in addition to an Initiation Fee.

The above-referenced fees shall be collected and retained by the Club. Initiation fees shall not be refundable upon termination or resignation from the Club. Initiation fees may be a component of the total fee charged to new member applicants to join the Club, whereby there may be a portion of such total fee that is refundable (i.e. refundable capital investment or refundable assessments).

Section 2. Dues and Assessments.

Dues and assessments shall be paid by each member according to the member's category of membership. Dues and assessments shall be determined from time to time by the Board of Directors. Dues shall be paid monthly, quarterly or annually as determined or authorized by the Board. Assessments shall be paid in the manner determined by the Board.

Section 3. Fees and Charges.

Fees and charges incurred by a member or by a person signing on, or otherwise utilizing, a member's

account shall be the sole responsibility of the member and if not paid by a sponsored guest shall be billed to the member with the next monthly dues statement.

Section 4. Fiscal Year.

The fiscal year of the Club shall be fixed by the Board of Directors.

Section 5. Contracts.

The Board of Directors may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument on behalf of the Club, and such authority may be general or confined to specific instances.

Section 6. Loans.

No loans shall be contracted on behalf of the Club and no evidence of indebtedness shall be issued in its name unless authorized by resolution of the Board of Directors. Such authority may be general or confined to specific instances. Should the contract involve securing a loan that exceeds 25% of the annual budget of the club, the loan may only be secured following a majority vote of the votes cast from the general voting (equity) membership of the club.

Section 7. Checks and Drafts.

All checks, drafts or other orders for the payment of money issued in the name of the Club shall be signed by such officer or officers, agent or agents of the Club and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 8. Deposits.

All funds of the Club not otherwise employed or invested shall be deposited from time to time to the credit of the Club in such depositories as the Board of Directors shall direct.

ARTICLE XII - GENERAL PROVISIONS

Section 1. Mandatory Indemnification.

The Club shall indemnify any person who was or is a party or threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (including an action by or in the right of the corporation) by reason of the fact that the person is or was a member of the Board of Directors or Officer of the Club, against expenses, including attorneys fees, judgments, fines and amounts paid in settlement of an action reasonably incurred by him in connection with such action, suit or proceeding; provided, however, that there is a determination that such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Club, and with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The Club shall carry a Director Liability Insurance Policy in amounts deemed by the Board to be sufficient to protect the Club and its Directors and Officers in the event of such an action, suit, or proceeding.

Section 2. Seal.

The seal of the Club shall be any form of proof authorized from time to time by the Board of Directors.

Section 3. Waiver of Notice.

Whenever any notice is required under the provisions of the North Carolina Nonprofit Corporation Act, or under the provisions of the Articles of Incorporation or by these Bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

Section 4. Amendment to Bylaws.

These Bylaws shall not be altered, amended or repealed by the general membership except by an affirmative vote in person or by proxy of members having in the aggregate at least sixty-six and two-thirds percent (66-2/3%) of the total voters in the Club at a membership meeting called for such purpose. The Board may amend the Bylaws by a sixty-six and two-thirds percent (66-2/3%) vote of the total votes on the Board (rounded up). Notwithstanding any other means for amending these bylaws referenced herein, Article XII, Section 5 shall not be amended under any circumstances.

4.1 Interpretation.

All questions of interpretation and construction of the Bylaws and rules and regulations of the Club shall be the decision of the Board which shall be final.

Section 5. Sale or Transfer or Complete Liquidation and Final Dissolution of the Club.

Any sale or transfer of assets or ownership rights of the Club, to an entity other than the entire voting membership of the Club, must be approved by an affirmative vote in person or by proxy of members having in the aggregate seventy-five percent (75%) of the total votes in the Club at a membership meeting called specifically for such purpose.

Section 6. Adoption.

These amended and restated Bylaws were adopted by the Board of Directors of Yonahlossee Racquet Club, Inc. at a duly held meeting of the Board on October 20, 2006 and revised by vote of the membership in February, 2009.