

**KINSTON COUNTRY CLUB
INCORPORATED**

BY-LAWS

February 1, 2016

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Kinston Country Club

ARTICLE I - NAME AND OBJECTIVES

This Club is incorporated and organized under the laws of North Carolina, under the name of Kinston Country Club Incorporated, and for the main purpose of establishing and maintaining a suitable Clubhouse and grounds for outdoor and indoor sports of all kinds, and for the promotion of social recreation and activities for its Members.

ARTICLE II - OFFICERS AND BOARD OF DIRECTORS

SECTION 1: OFFICERS

The Officers of the Club shall consist of a President, Vice President, Secretary and Treasurer who shall serve for one year terms. The Board of Directors shall consist of twelve (12) Members. Four(4) new Directors shall be elected each year for a three-year term at the annual meeting of the voting Members. The President shall be Chair of the Board of Directors.

No Director shall serve more than one (1) consecutive term with the exception of a Director who was elected under the provisions of this Article, Section 3(e), to fill an unexpired term is eligible to serve a full term following the unexpired term if the unexpired term has less than one (1) year remaining when he/she is elected.

SECTION 2: ELECTION OF OFFICERS AND DIRECTORS

Officers shall be elected by the Members of the Board of Directors at the regular monthly Board of Directors meeting that precedes the annual meeting. Election of Officers shall be from a slate submitted by the Executive Committee. Election is by Board confirmation. The election of Directors of the Club shall be by ballot, with a majority of the votes cast being required to elect. The President, at the September meeting of the Board, shall appoint a Nominating Committee consisting of not less than three (3) voting Members to propose a slate of Directors. In proposing its slate the Nominating Committee shall consider its needs for special skills in finance, law, food service, insurance, human resources, property management, business management, and other areas as necessary. By letter to the Membership, the Nominating Committee shall request names for Committee consideration. Members shall submit names to the Nominating Committee with statements indicating what skills the nominee would bring to the Board. The Nominating Committee shall report its slate to the Board at the November Board meeting. The

Board shall publish the list of nominees four (4) weeks before the annual meeting. Additional nominations, supported by letters from at least thirty (30) voting Members may be submitted until three (3) weeks before the annual meeting. The names of nominees submitted by the Committee and names submitted by the Membership supported by at least thirty (30) letters will be printed on ballots mailed to the Membership two (2) weeks before the annual meeting.

SECTION 3: BOARD OF DIRECTORS' POWERS & DUTIES

(a) The Board of Directors shall have power to make and amend the house Rules, receive and redress complaints, and care for and authorize the expenditure of Club funds.

(b) The Board shall have power to fix and levy penalties for violation of the By-Laws and Rules; also remit penalties for violation.

(c) The Board shall have power to make leases and other contracts, to elect Members of the Club, and do such other things or acts (not inconsistent with the By-Laws or Articles of Incorporation) as they may deem for the welfare of the Club.

(d) Any Member of the Board of Directors who shall absent himself for two consecutive regular meetings, unless he/she shall has previously obtained permission from the Board of Directors or shall present at the next regular meeting following his/her second absence an excuse for his/her absence satisfactory to a majority of the Members of the Board present, shall be deemed to have resigned his/her office, effective at the end of said next regular meeting following his/her second absence.

(e) In case of a vacancy in the Board of Directors the Board shall elect a successor to fill the unexpired term.

(f) The interpretation of these By-Laws and Rules shall rest with the Board unless and until superseded by an amendment to these By-Laws as hereinafter provided.

(g) Board Members are required to sign Confidentiality and Conflict of Interest Agreements prior to the March Board of Directors Meeting.

SECTION 4: OFFICERS

(a) President

It shall be the duty of the President to preside at all meetings of the Board and Club Membership. He/she shall, with the Secretary, sign all obligations, contracts, deeds, mortgages, promissory notes and other instruments, unless otherwise provided by the Board. The President, with the approval of the Board, shall designate from among the Members of the Board, Chairs for the various Committees authorized by the Board. The Committee Chair shall appoint the Committee Members subject to Board approval. If the Board authorizes an Executive Committee, the President from Board Membership shall appoint its Membership and the appointments shall be approved by the Board.

(b) Vice-President

In the absence of the President or if he/she is unable to serve, the Vice President shall perform his/her duties. In case of a vacancy in the Presidency, the Vice President shall perform the duties of the President until his/her successor has been appointed and designated by the Board as provided herein.

(c) Secretary

The Secretary will be elected from Members of the Board of Directors. Day to day functions defined herein may be delegated to certain permanent employees of the Club under the supervision of the General Manager. The Secretary shall keep the minutes of all meetings of the Club and of the Board, and have charge of the record of the Club; he/she shall give notice of all meetings of the Club to all voting Members thereof; and he/she shall conduct the general correspondence of the Club. He/she shall sign such instruments as may require his/her signature, and, in general, shall perform all duties incidental to the office of Secretary and such other duties as may be assigned him from time to time by the President or by the Board of Directors. The Club may elect an Assistant Secretary to serve in the place of said Secretary during any period of absence of the Secretary and while so serving as such Assistant Secretary shall have all powers, duties and authorities of the Secretary.

(d) Treasurer

The Treasurer will be elected from Members of the Board of Directors. Day to day functions defined herein may be delegated to certain permanent employees of the Club under the supervision of the General Manager.

The Treasurer shall have charge of all monies of the Club, and shall keep the accounts of the Club and report thereon to the Board whenever called upon to do so by the Board.

He/she shall keep full and accurate accounts of the finances of the Club in books especially provided for that purpose; and he/she shall cause a true statement of its assets and liabilities as of the close of each fiscal year and of the results of its operations for such fiscal year, all in reasonable detail, to be made and filed at the office of the Club within four (4) months after the end of such fiscal year. A statement, so filed shall be kept available for inspection for any shareholder for a period of five (5) years. The Treasurer shall mail or otherwise deliver a copy of the latest such statement to any shareholder upon his/her written request thereof. The Executive Committee may audit the Treasurers' accounts at such time as the Board may direct. The Treasurer shall pay all bills and accounts against the Club when properly certified to by the proper Committee and approved by the President. The Treasurer shall, in general, perform all duties as may be assigned to him from time to time by the President or by the Board of Directors.

(e) Past President

The immediate past President of the Club shall, upon retiring from that office and from his/her term as a Board Member, serve as an ex-officio Member of the Board until such time as a successor President replaces him in the ex-officio capacity. As such ex-officio Member, he/she may participate in all deliberations of the Board; but shall not vote nor exercise any official executive authority.

(f) Vacancies

In the case of a vacancy in the office of President, Vice-President, Secretary or Treasurer, the Board shall fill such vacancy by appointment. The appointment shall be for the period of time remaining until the next Annual Meeting of the Club, at which time any vacancy for which an unexpired term remains shall be filled by election.

SECTION 5: GENERAL MANAGER

The General Manager shall manage the affairs, direct the work of the Club, and hire, supervise, evaluate and discharge all other Club employees, subject to, and in accordance with the direction of the Board. The President will exercise supervisory authority over the General Manager. The General Manager shall prepare the annual budget of Club Revenues, Expenses and Capital for approval of the designated Committee, and shall be authorized to incur expenses in accordance with said budget, or as directed by the Board. He/she shall attend all meetings of the Board and shall be an ex-officio Member of all Committees. He/she shall make reports of work and affairs of the Club to the President, Board and Membership Meetings, as requested by the President.

SECTION 6: MISCELLANEOUS

(a) Bond

The Board may require that anyone or more Officers, Members of the Board or other Club employees be bonded in amounts determined by the Board. The Club thereof shall pay the cost.

(b) Indemnification

The Club shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Club) by reason of the fact that he/she is or was a Member of the Board, Officer, employee or agent of the Club, or is or was serving at the request of the Club as a Board Member, Officer, employee, or agent of another Club, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he/she acted in a manner 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/her conduct was unlawful. The termination of an action suit or proceeding by judgment, order, settlement, conviction, or upon plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the person did not act in a manner which he/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 reasonable cause to believe his/her conduct was unlawful.

(c) Pronoun References

All pronouns in these By-Laws shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the persons referred to may require.

ARTICLE III - MEETINGS

SECTION 1: ANNUAL MEETING

An annual meeting of the voting Members for election of Directors and the transactions of such other businesses as may be brought before such a meeting shall be held in the month of February of each year. The date, time, and place of the meeting shall be set by the Board of Directors, posted upon the Club bulletin board and mailed to each voting Member directly at least ten (10) days prior to said meeting. Every Member shall be required to leave a current mailing address with the Secretary. Failure to leave such address or change of address shall be regarded as a waiver of any notice provided in the By-Laws.

SECTION 2: SPECIAL MEETINGS

The Board of Directors, upon their own motion, upon written request of ten percent (10%) of the voting Members, or upon the written request of thirty (30) voting Members, shall call a special meeting of the Club by giving ten days' notice on the bulletin board of the Club. The notice of every special meeting shall state the objects for which it is called, and no other business shall come before the meeting.

SECTION 3: QUORUM

At the annual meeting of the voting Members, the number present in person or by proxy shall constitute a quorum. At a called or special meeting, twenty-five (25) Members present in person or by proxy shall constitute a quorum.

SECTION 4: REGULAR BOARD MEETINGS

(a) Regular meetings of the Board of Directors shall be held on such day and at such place and hour as may be designated by the President.

(b) The President or Secretary may call special meetings of the Board of Directors. The President on written request of

two or more Members shall call special meetings of the Board thereof. The Secretary shall give written notice to each Member of the Board at least twenty-four (24) hours in advance of the holding of any regular or special meeting thereof, but such notice may be waived in writing.

(c) A majority of the Members of the Board shall constitute a quorum.

SECTION 5: PROXIES

At every meeting of the Club Members, any Club Member having the right to vote shall be entitled to vote in person or by proxy; provided, however; the proxy must be given to either the spouse of such Member or another voting Club Member. Such spouse or voting Member must attend the meeting in person to be entitled to vote. No voting Member shall be entitled to vote more than one proxy on behalf of another voting Member. There shall be no proxy voting for meetings of the Board.

ARTICLE IV - MEMBERSHIP

SECTION 1: MEMBERSHIP CATEGORIES

Membership in Kinston Country Club Incorporated is the status of belonging to the Club at its invitation, with the privilege of enjoying the facilities and activities, subject to the provisions of the Articles of Incorporation and By-Laws. All Membership categories enjoy all privileges of the Club including voting unless specified differently below.

(a) LEVEL I

A person who has been proposed and elected under the provisions of this Article of the By-Laws who has paid the dues, assessments and initiation fee required by Article V of the By-Laws that does not qualify for the Categories defined below.

(b) LEVEL II

A person who has been proposed and elected under the provisions of this Article of the By-Laws who has paid the dues, assessments and initiation fee required by Article V of the By-Laws and who has reached seventy (70) years of age but is less than eighty (80) years of age.

(c) LEVEL III

A social member as defined in paragraph (h) below, a person under the provisions of this Article of the By-Laws who has paid the dues, assessments and initiation fee required by Article V of the By-Laws and who has reached thirty (30) years of age but is less than thirty-six (36) years of age or who has reached eighty (80) years of age.

(d) LEVEL IV

A Non-Resident member as defined in paragraph (e) below or a person under the provisions of this Article of the By-Laws who has paid the dues, assessments and initiation fee required by Article V of the By-Laws who has reached twenty-one (21) years of age but less than thirty (30) years of age.

(e) Non-Resident

A Non-Resident Member is a Member who does not reside (nor does the Member's spouse or an immediate family Member under the age of twenty-three (23) in Lenoir County or within a twenty-five (25) mile radius of Kinston Country Club. Permanent residence would apply for anyone living within this area for more than sixty (60) days within a calendar year. A Non-Resident Member must be proposed and elected under the provisions of the By-Laws and must pay the dues and assessments prescribed. The Board of Directors may request proof of change of residency.

If the residency status of a Member changes and such Member becomes qualified for Non-Resident Member status by virtue of moving beyond the twenty-five (25) mile radius of Kinston Country Club, then, if that Member is in good standing and has paid their initiation fee in full, that Member may apply to the Board for Non-Resident status by completing an application for Non-Resident Membership. In the event that a regular Member shall apply for Non-Resident status, the requirement that they not reside within the twenty-five (25) mile radius of the Kinston Country Club for sixty (60) days during a calendar year shall not be applied retroactively. Instead, the Board will only consider the application and the information provided by the Member applying for the change. Going forward from the date of application, the sixty (60) day restriction shall apply.

In the case where a waiting list exists, the Club Membership will be allowed to rise above the limits otherwise allowed by the By-Laws and be brought back down to those limits through attrition created by Membership resignation (provided the Non-Resident Member has had such Membership status longer than the first person appearing on the waiting list).

If the residency status of a Non-Resident Member changes and such Member or such Member's spouse or an immediate family Member under the age of twenty-three (23) become a full time resident of Lenoir County or resides within a twenty-five (25) mile radius of Kinston Country Club, such Member shall have the option to convert to regular/stockholder status. The Non-Resident initiation fee shall be applied toward the regular/stockholder initiation fee, which is applicable at the time of the Membership change.

If at some future time the residency status of a Non-Resident Member changes and they become a full-time resident of Lenoir County or an adjoining county, they have the option to become a regular Member of the Club. The Non-Resident initiation fee will be applied toward the Regular Member initiation fee in effect at the time of the change. In the case where a waiting list exists, the Club Membership will be allowed to rise above the limits otherwise allowed by the By-Laws and be brought back down to those limits through attrition created by Membership resignations (provided the Non-Resident Member has had such Membership status longer than the first person appearing on the waiting list).

Membership includes unlimited use of all Club facilities, but does not include voting privileges. The Board of Directors shall set initiation fees and monthly dues for Non-Resident Members.

(f) Former

(i) A former Member is a voting Member who resigned while in good standing that, prior to resigning his/her Membership, had paid in full the initiation fee in place at the time he/she joined.

(ii) A former Member may be reinstated if his/her application for reinstatement to the Board of Directors is made and with twelve (12) months of their

resignation accepted and if he/she pays all dues and assessments due since their resignation.

(g) Honorary

The Board may bestow honorary Membership upon taking into consideration, among other things, such person's length of Membership, service to the Club, age, health, financial circumstances and expected continued use of the Club's facilities. An honorary Member shall have no voting rights and shall pay no dues, or minimum, but shall pay all assessments and shall pay for meals and other fees and charges.

(h) Social

A person who has been proposed and elected under the provisions of this Article of the By-Laws and whom has paid the dues, assessments, and initiation fee required by Article V of the By-Laws. A Social Membership is a voting Membership that provides full access and privileges only to the Clubhouse, dining, swimming and all social activities. No additional Social Memberships shall be offered after January 1, 2016. All Social Members admitted to membership prior to that date shall be honored for so long as that person shall remain in good standing.

SECTION 2: LIMITATIONS OF MEMBERSHIPS

Voting Membership is limited to 625 total Members.

SECTION 3: ELECTION BY THE BOARD OF DIRECTORS

(a) Invitation to Become a Member

A current Member must propose in writing to the Membership Committee any prospective Member. This letter of proposal should include the following information:

- (1) Business association
- (2) Marital status
- (3) Special interests, civic activities, etc.
- (4) Hobbies
- (5) A list of at least three (3) current Members that are acquainted with the proposed Member. Upon receipt of the proposal, it shall be submitted to the

Membership Committee for investigation and recommendation.

(b) Election

Election of a proposed invitee shall be in order when sufficient information has been made available to the Membership Committee. Election of the proposed invitee shall be at the regular meeting attended by a quorum of the Directors. Election shall be by 2/3 majority of the Directors present.

(c) Qualification

Elected invitees must qualify for Membership within ten (10) days from the date of their being invited to become a Member, by paying the fees, dues and assessments required by the By-Laws.

SECTION 4: RESIGNATION

(a) Submission of Resignation

Resignation of a Membership must be in writing addressed to the Secretary of the Club and signed by the person entitled to the Membership.

(b) Acceptance of Resignation

The resignation will be deemed accepted as of the last day of the month during which it was received; if properly submitted. See Article V Section 1 (b) (iii).

SECTION 5: INTERPRETATION OF MEMBERSHIP

The following persons, in addition to those persons entitled to Membership, are included within the Membership as Members, provided that their names are submitted in writing to the General Manager of the Club and they reside in the home of the person entitled to Membership:

(a) Spouses/Separated Spouses

Spouses of those persons entitled to Membership; provided, in the case of separated spouses the use of Club facilities shall be as if they were married in accordance with the Rules applicable to married couples, further provided, upon written notice signed by both husband and wife; the husband or wife may be designated as the Member and the use of Club facilities shall be as provided for a single Membership.

The disclaiming spouse shall have no further rights as a Member.

(b) Unmarried Children

Unmarried children under twenty-six (26) years of age and who reside in the home of the Member or are full time students in an educational institution.

(c) Unmarried Brothers and Sisters

Unmarried brothers and sisters under twenty-six (26) years of age and who reside in the home of their brother or sister Member or are full time students in an educational institution.

(d) Household Residents

Residents living in the household of a Member who are not provided for in the above subsections, and upon whose individual cases, special rulings have to be made by the Board.

(e) Age Status

In determining age status for Membership classification, in the case of a married couple, the older spouse's age shall be used to determine the eligibility and classification. If legally divorced or widowed persons apply for Membership, then the applicant's age, regardless of gender, will be utilized to determine the eligibility and classification.

All decisions affecting Membership qualifications and pecuniary obligations related thereto are made by the Board of Directors in its sole discretion.

ARTICLE V - PECUNIARY OBLIGATIONS

SECTION 1: MEMBERSHIP OBLIGATIONS

(a) Initiation Fees

Initiation fees for all Members shall be as set by the Board of Directors and/or as provided herein.

(b) Dues and Assessments

Dues for all Members shall be as set by the Board of Directors and/or as provided herein.

(i) Billings/Payments

Dues and assessments shall be billed monthly, in advance, and shall be paid on or before the last business day of the month in which the statement is transmitted.

(ii) New Members

Dues and assessments of newly elected Members shall be due and payable from the first day of the month in which they qualify for Membership.

(iii) Resigning Members

All dues, assessments, penalties and other pecuniary obligations owing to the Club, including dues and assessments for the entire month in which they resigned, must be paid by resigning Members prior to the Club accepting the resignation.

(iv) Delinquency

Indebtedness is due upon receipt of the Club's statement. Payment must be received in the Club's office on or before the last business day of the month in which a statement is transmitted to avoid a late charge as determined by the Board of Directors and a finance charge of one and one-half percent (1 1/2%) per month of the past due amount for each month that the Member has a delinquent balance. When a Member's account is sixty (60) days past due, the Member will be notified by letter that the account must be paid in full by the fifteenth (15th) of that month. The Member's name and amount due shall also be posted on bulletin boards in the Clubhouse, Golf Shop and Tennis Shop. Failure to pay in full all sixty (60) days delinquent and current charges by the fifteenth (15th) day of the month will result in automatic suspension of the Member's privilege of using the Club facilities. When a Member is automatically suspended, the Member's monthly dues continue so that the Membership is not canceled; however, the Member is not allowed to incur other debt to the Club or use the Club facilities.

(v) Termination of Rights and Privileges

Should any Member in automatic suspension fail to make full payment within thirty (30) days of their notice

of automatic suspension, that Member shall be expelled by the Board of Directors and treated as a resigned Member. A letter of Termination will be sent to the Member by registered mail - receipt requested. The defaulting Member will then have fifteen (15) days to settle the entire amount due after which suit will be filed against them in Small Claims Court.

(vi) Other Pecuniary Obligations

All other pecuniary obligations including charges, fees, and penalties, shall be paid on or before the last business day of the month in which the statement is transmitted.

SECTION 2: STOCK REDEMPTIONS

Stock certificates may be redeemed upon resignation, termination or death according to the following schedule:

(a) Stock certificates purchased prior to January 1, 1960 - \$284.00

(b) Stock certificates purchased after January 1, 1960 but prior to May 1, 1960 - \$250.00

(c) Stock certificates purchased after May 1, 1960 but prior to March 31, 1963 - \$83.33

(d) Stock certificates purchased after March 31, 1963 but prior to January 1, 1966 - \$4.17

(e) Stock certificates purchased after January 1, 1966 - \$5.00

ARTICLE VI - PENALTIES

The Board of Directors is responsible for the conduct of Members of this Club and is empowered to implement this responsibility.

SECTION 1: TERMINATION OF RIGHTS AND PRIVILEGES

The Board may terminate all rights and Membership privileges of any Member or all of those persons included in the Membership for conduct unbecoming to a lady or gentleman. It shall be the responsibility of the General Manager, Food and Beverage Manager, Golf Professional, Tennis Professional, and Aquatics Manager to deny these Members the privileges of participating in the facilities and activities within their respective areas of responsibility.

SECTION 2: TERMINATION OF MEMBERSHIP

(a) Termination for Serious Infractions

A Membership may be terminated by two-thirds (2/3) vote of those present at a regular meeting of the Board of Directors for conduct unbecoming a lady or a gentleman, serious violations of the By-Laws, or other Rules and regulations of the Club, and for such other actions that do not reflect the best interest of the Club.

(b) Termination for Failure to Pay Pecuniary Obligations

A Membership may be terminated by one-half (1 1/2) vote of those present at a regular meeting of the Board of Directors in the event all dues, assessments, penalties, and other pecuniary obligations owing to the Club are not paid within ninety (90) days from the date on which the obligation was incurred.

SECTION 3: RIGHT OF APPEAL

(a) A Member or Members whose rights or Membership privileges have been terminated, or whose Membership has been suspended, may appeal the decision of the Board to the Executive Committee which shall be composed of the President and two Members of the Board appointed by the President at the first Directors meeting following the date of the Member's suspension or termination. A majority decision of this Committee will govern. An adverse decision of this Committee may be appealed to the voting Members at a duly constituted called meeting of voting members.

(b) A Member or Members whose Membership privileges have been terminated under Sections 1 or 2 of this Article shall be suspended from use of the Club facilities pending all appeals; provided such Member or Members shall not be held responsible for any dues or assessments or minimums during the period of suspension.

ARTICLE VII - COMMITTEES

The Board of Directors shall establish such committees, which shall include Membership, House/Entertainment, Finance, Golf/Greens, Swimming, Building/Grounds, Tennis, Long Range Planning and Executive (includes Personnel) and other such Committees as the Board of Directors deems advisable. The President, and in his/her absence, the Vice President, shall be ex-officio a Member of all Committees. Meetings of the standing

Committees shall be held on call of the respective Chairs thereof or by the President.

ARTICLE VIII - ORDER OF BUSINESS

At the annual meeting of the voting Members, the order of business shall be as follows:

- (a) Reading of Minutes of last Annual Meeting and of all special meetings held subsequent thereto
- (b) Report of Board of Directors
- (c) Report of Treasurer
- (d) Report of Committees
- (e) Unfinished business
- (f) New business
- (g) Elections
- (h) Adjournment

This order of business may be changed at any meeting by two-thirds (2/3) vote of the Members present.

ARTICLE IX - AMENDMENTS

SECTION 1: BY-LAW CHANGES

The Board of Directors shall have the power by vote of a majority of all the Directors and without the assent or vote of the voting Members to make, alter, amend, and rescind the By-Laws of this Corporation.

SECTION 2: BY-LAW CHANGE REQUESTS

Any voting, dues-paying Member may request changes in the By-Laws, provided such request is made in writing and bears the signatures of at least ten voting, dues-paying Members, and is filed with the Secretary.

SECTION 3: POSTING OF PROPOSED AMENDMENTS

A copy of the proposed amendment or amendments under both Section 1 and Section 2 shall be effective upon: (1) being posted on the bulletin board of the Club and the Club's web site for at least ten (10) days prior to the meeting of the Board of Directors on which the same may be voted; or (2) if already voted on previously the Board of Directors, being posted on the

bulletin board of the club and the Club's website for at least ten 10) days following the Board of Director's meeting on which the amendments were approved.

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