

THE BYLAWS OF HIGHLAND COUNTRY CLUB, INCORPORATED
Fayetteville, North Carolina

ARTICLE I
NAME AND PURPOSE

1.0 CORPORATE NAME The corporate name of the Club shall be Highland Country Club, Incorporated, but shall operate under the name of Highland Country Club. It shall also be referred to herein as the "Club."

1.1 PURPOSE The purpose and objective of the Club is to operate a private social club for the pleasure and recreation of its Members, and in connection therewith to maintain a clubhouse, golf course, tennis courts, swimming pool and any other means of recreation, which its directors may consider advisable.

ARTICLE II
PROPERTY

2.0 PROPERTY DESCRIPTION The property of the Club shall consist of clubhouse, swimming pool, golf course, tennis courts and such other property and facilities as may be necessary for its purposes.

2.1 RESPONSIBILITIES The Club will not, under any circumstances, be responsible for property of Members, visitors, guests or other persons brought on the Club's premises for any purpose whatsoever.

2.2 REMOVAL OF PROPERTY Property of the Club shall not be loaned or removed from the Club's premises, or be put to other use than that for which it was intended.

2.3 DAMAGE Members must pay for all breakage or damage to Club property caused by them, their family members or their guests.

2.4 ACQUISITION No Member or any other person shall have or acquire any property rights in the property assets or holdings of the Club, except as provided in the Articles of Incorporation of the Club or these bylaws.

ARTICLE III
MEMBERSHIP NOMINATION

3.0 NOMINATION PROCESS All nominations for membership must be completed and signed by the nominee, and such nomination must have the endorsement of two Members of the Club in good standing and a member of the Board of Directors all of whom personally know the nominee, can certify as to his or her good reputation, high moral character and his

or her compatibility with the existing membership. In addition, three (3) letters of recommendation from existing Club members who have personal knowledge of the nominee and his or her dependents must be submitted to the chairman of the Membership Committee at the time such application is made.

3.1 NOMINATION APPROVAL Completed and endorsed nominations for membership shall be reviewed by the Membership Committee for recommendation to the Board of Directors. Recommended nominations shall be posted at the Club, or electronically transmitted via email or web page for at least thirty (30) days prior to the time that the nomination is voted upon by the Board of Directors. An affirmative vote of the Directors present at the meeting is required for the election of any nominee, provided, however that two adverse ballots of the Directors present at the meeting shall disqualify the nominee for membership. If the nominee is disqualified, he or she may not reapply for membership for 12 months after the date of the vote.

3.2 NOMINATION GROUPS Nominees for membership are classified into three groups:

(1) Legacy Nominees: sons, daughters, sons-in-law and daughters-in-law of Members in good standing, and former Members and spouses who were in good standing when their membership terminated. Legacies shall be given priority over all other nominations for membership. Legacy nominees are exempt from payment of interest on initiation fees.

(2) Non-Legacy Nominees: those nominees not qualifying as Legacies.

(3) Honorary Nominees.

3.3 CONFIDENTIALITY All nominations and all information regarding nominees shall be confidential and shall not be disclosed to the general membership until approved for posting by the Membership Committee. All Board of Director proceedings to consider nominees shall be strictly confidential.

ARTICLE IV MEMBERSHIP AND PRIVILEGES

4.0 GENERAL The term "Member" shall be defined as the individual in whose name the application was made and whose membership is approved by the board. Membership shall be classified as provided herein. Each membership classification as herein defined shall have all rights, privileges and obligations pertaining to such classification. For their privileges to be recognized, the names of all members of the household eligible to utilize Club facilities shall be maintained in the office of the Club manager. "Members of the household" are family members who permanently reside in the Member's primary residence and include spouses, dependents who are either: (a) under age twenty one (21), (b) unmarried full time students up to their twenty-sixth (26th) birthday, or (c) disabled such that they are unable to live on their own. Under special circumstances, a Member may petition the Board for review of dependent eligibility. Payment of initiation fees shall be made in full within thirty (30) days of

election to the membership, or financed.

4.1 MEMBERSHIP CLASSIFICATIONS The Board of Directors may establish membership classifications if determined necessary by the Board of Directors. The classifications, if any, will be set forth in the Club's "Rules and Regulations."

ARTICLE V MEMBERSHIP DUES, INITIATION FEES, AND DELINQUENCIES

5.0 DUES AND INITIATION FEES The Board of Directors shall establish the Membership dues and initiation fee for the Members and each Membership classification, if any, as part of the annual budget process.

5.1 DELINQUENT ACCOUNTS Any Member who fails to pay his or her dues or accounts due the Club within thirty (30) days of his or her statement billing date will be considered delinquent, and a letter shall be sent to him or her immediately by the General Manager advising him or her of the delinquency. Any Member's account which has a delinquent balance will be charged a late fee and a service fee, which shall each be determined by the Board of Directors, on the delinquent portion of this account.

Any Member still in default in the payment of his or her account sixty (60) days after the billing date shall be suspended from all Club privileges, and said Member shall be sent notification of the suspension by certified mail - return receipt requested, to the last address provided by the Member to the Club.

Any Member who fails to pay his or her account within ninety (90) days of the billing date shall be sent notice in writing, certified mail - return receipt requested, to the last address furnished the Club by the Member, that unless his or her account is paid in full within five (5) days of the receipt of said notice, the membership will be automatically terminated. Any Member with extenuating circumstances may petition the Board of Directors in writing for appropriate relief from any charge or late fee.

5.2 RETURNED CHECKS Any Member who frequently or habitually issues checks to the Club which are returned unpaid will, in the discretion of the Board of Directors, have his or her credit at the Club suspended for such period as under the circumstances the Board may deem proper.

5.3 REINSTATEMENT OF DELINQUENT MEMBERSHIPS Any Member suspended as a result of his or her account not being paid within ninety (90) days of the billing date shall be charged a reinstatement fee. Any subsequent suspension due to non-payment will result in automatic termination of membership.

ARTICLE VI
MEMBERSHIP RESIGNATION, SUSPENSION, RESTRICTION AND
REINSTATEMENT

6.0 RESIGNATION A Member may resign from Membership by delivery of a written notice to the Club's business office at least thirty (30) days prior to the end of the month when the resignation is to become effective. All of the resigning Member's indebtedness to the Club becomes due and payable upon the effective date of the resignation. Any Member that is also a stockholder in the Club must surrender his or her share in the Club in exchange for the amount such Member originally paid for his or her share, which shall be paid reasonably promptly following the effective date of resignation.

6.1 SUSPENSION Any Member may be suspended or expelled by the Board as a Member of the Club for non-payment of indebtedness to the Club. For any other cause, a Member or spouse or dependent of a Member may be expelled or suspended or other appropriate action may be taken (including, but not limited to, fines or reprimands) by at least ten (10) Members of the Board of Directors voting in favor of such action. The term "cause" for the purposes of this paragraph of this Article shall include, but not be limited to, disorderly conduct at the Club, conduct endangering the good order, welfare or character of the Club, and being deemed financially irresponsible or delinquent as described in Article V of these bylaws.

6.2 SUSPENSION NOTIFICATION AND APPEAL In the event a Member or Member's spouse or dependent is suspended or expelled under this Article, the Member shall be immediately notified in writing of such suspension or expulsion and the basis for such action. Such Member may appeal from the decisions of the Board by serving written notice of such appeal upon the Board within ten (10) days after his or her receipt of such decision, and upon receipt of said notice, the Board shall call a special meeting within ten (10) days thereafter to consider said appeal. The appellant shall have the right to be present at such meeting or to be represented by some other Member, to be heard in his or her own defense or defense of the Member's spouse or dependent, and to present witnesses on his or her behalf. The Board may also present witnesses. Following said hearing, the Board shall meet and by at least the vote of ten (10) Board of Directors voting in favor of such action may confirm, modify or rescind the previous Board action.

6.3 OBLIGATIONS WHILE UNDER SUSPENSION During a period of suspension of a Member, spouse or dependent, the Member shall continue to be responsible for applicable dues and obligations, but the suspended individual shall not be entitled to any Club privileges, including but not limited to the Club premises. If the suspended individual shall enter the Clubhouse or Club property during the period of suspension, the Member is subject to termination, at the discretion of the Board of Directors.

6.4 NOTICE OF RESTRICTION OF CLUB PRIVILEGES BY A MEMBER

Spouses, dependents and other members of the household may be prohibited from using Club facilities or from charging purchases at the Club premises; provided that a five (5) days prior written notification of such prohibition by the Member is sent to the Club manager's office, and that a copy of same notification is mailed by such Member to the affected spouse, dependent or other member of the household by certified mail, return receipt requested.

6.5 DIVORCED MEMBERS Following a divorce, the non-Member spouse may be nominated for membership within sixty (60) days of the effective date of the divorce under the terms and conditions set forth in Article III of these By-Laws. The Board of Directors, upon approval of the application for membership and purchase of stock, if applicable, may waive or discount the initiation fee, and said spouse shall have the status of a Legacy with regard to priority for Membership. It is the responsibility of the Member to inform the Club's office in writing of any changes in his or her dependents' status arising from events such as divorce.

6.6 REINSTATEMENT OF FORMER MEMBERS A former Member who has resigned in good standing from the Club may apply once to the Board for reinstatement. The Board may approve the former Member for reinstatement by voting on the former Member's application by the same process as any new Member. The Board shall notify the applicant of any vote taken on the application. If approved for reinstatement, the former Member shall pay the lesser of all dues that would have been payable since the Member's resignation or the difference in their past and current initiation fees, and purchase a share of stock in the Club if the class of membership applied for requires stock purchase. If the former Member had sold their stock to the Club upon resignation, the re-purchase price will be the same price that the Member received for the previous sale. The former Member shall be treated as a Legacy nominee for the purpose of determining reinstatement. The reinstated Member must pay all payments due to the Club within thirty (30) days of the effective date of reinstatement.

6.7 VOLUNTARY SUSPENSION OF MEMBERSHIP DUE TO SERIOUS ILLNESS When afflicted by a serious illness or medical condition, a Member may petition the Board for the voluntary suspension of the Member's membership in the Club during that Member's period of illness or recovery. Any and all such petitions shall take the form of a written request for such suspension and shall be accompanied by a written statement from the Member's attending physician(s) attesting to the nature of the illness or medical condition upon which such petition is based. Petitions not meeting the above criteria shall not be considered. Petitions meeting the above criteria shall be considered and approved or disapproved in the sole discretion of the Board. If the Board shall approve such petition, all monetary obligations of the Member to the Club shall be held in abeyance from and after the date of the approval of such petition; *provided, however*, that the member shall be required to pay the monthly sum of One Hundred and 00/100

Dollars (\$100.00) during the period of suspension. The term of such suspension shall be no greater than twelve (12) months and shall be subject to extension only in the sole discretion of the Board. During the period of such suspension, the Club and its facilities shall be unavailable for the use of the Member and/or the Member's spouse and/or dependents. Members suspending their membership in the Club pursuant to this provision may petition the Club for reinstatement of their membership in their discretion at any time during the period of such suspension. Such reinstatement petitions shall be in writing and shall be approved or disapproved by the Board in its sole discretion. If approved, the Board shall also determine in its sole discretion whether any or all of the Member's dues which would have otherwise accrued during the term of suspension shall be required to be paid to the Club by the Member as a condition of such reinstatement.

ARTICLE VII CORPORATE GOVERNMENT AND MANAGEMENT

7.0 THE BOARD The government and general management of the Club shall be vested in a Board of Directors consisting of fifteen (15) directors elected from the stockholding Members. Consistent with the laws of North Carolina, the Articles of Incorporation and these bylaws, the Board may adopt such rules and regulations for the conduct of its meetings and the general management of the Club as it deems proper. Each Director shall be at least twenty one (21) years of age. A director **MUST** be a Member and a stockholder in good standing. The Board of Directors shall elect a President from the then current Directors and shall preside over all meetings of the Board of Directors and plan and organize the work of the Board of Directors. The Board of Directors shall elect the Officers of the Club. Each Officer shall hold office for one (1) year.

7.1. ELECTION; TENURE; LIMITS. Each Director shall hold office for three (3) years unless elected or appointed to fill a vacancy of shorter duration. The term ends at the appropriate annual Board of Directors meeting or, if later, when his or her successor is elected or upon his or her earlier resignation, removal from office, or death. At each annual meeting of the stockholders of the Club, Directors shall be elected by the stockholders by plurality. No Board member who has served a full term of three (3) successive years shall be eligible for reelection as a Board member until after the expiration of one (1) year from the termination of his or her third (3rd) successive year. A Board member serving a term shorter than three (3) years may be re-elected without the waiting period provided that the total uninterrupted service is no more than five (5) years.

7.2 ANNUAL AND REGULAR BOARD OF DIRECTORS MEETINGS. The annual meeting of the Board of Directors shall be held without notice within twenty four (24) hours following the annual meeting of the stockholders. At the annual meeting the Board shall elect the Officers of the Club.

Regular meetings of the Board of Directors, which shall be held without notice, shall be held each month on a day and at a time as may be designated by the President and determined by resolution of the Board of Directors.

7.3 SPECIAL MEETINGS The Board of Directors, upon its own motion, or upon the request of seventy-five (75) stockholding Members of the Club, shall call a special meeting of the Club membership, by giving ten (10) days prior written notice by mail to the stockholding Members, and also by posting said notice at the Club. The notice of any special meeting shall state the object for which it is called and no other business shall come before that meeting other than that which is stated in the notice of special meeting.

7.4 ATTENDANCE The Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting of such Board or committee by means of conference, telephone, or similar communications equipment in which all persons participating in the meeting can hear each other; and participation in such a meeting pursuant to this section shall constitute presence in person at such meeting.

7.5 ABSENCE FROM MEETINGS Any member of the Board of Directors who shall be absent for three (3) consecutive regular meetings of the Board of Directors without having obtained permission from the President or who fails to present an excuse satisfactory to a majority of the Directors present at the next regular meeting, may be removed by the Board by resolution of the Board of Directors and a vacancy declared.

7.6. NOTICE; WAIVER; QUORUM; ADJOURNMENT Notice of any special meeting of the Board of Directors shall be given to each Director personally or by mail addressed to him or her at his or her last known address, at least five (5) days prior to the meeting. Such notice may be waived, either before or after the meeting; and the attendance of a Director at any special meeting shall of itself constitute a waiver of notice of such meeting and of any and all objections to the place or time of the meeting, or to the manner in which it has been called or convened, except where a director states, at the beginning of the meeting, any such objection or objections to the transaction of business. A majority of the Board of Directors shall constitute a quorum at any Board meeting. A majority of the Directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. Notice of the adjournment shall be given all Directors who were absent at the time of the adjournment and, unless such time and place are announced at the meeting, to the

other Directors

7.7. NO MEETING NECESSARY. Any action required by law or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if written consent, setting forth the action so taken, shall be signed by all the directors. Such consent shall have the same force and effect as a unanimous vote of the Board of Directors. The action must be evidenced by one or more unrevoked written consents signed by each Director before or after such action, describing the action taken, and included in the minutes or filed with the corporate records. A Director's consent to action taken without meeting or revocation thereof may be in electronic form and delivered by electronic means. Action taken under this section is effective when one or more unrevoked consents signed by all of the Directors are delivered to the Club, unless the consents specify a different effective date. A Director's consent to action may be revoked in a writing signed by the Director and delivered to the Club prior to the action becoming effective. A consent signed under this section has the effect of a meeting vote and may be described as such in any document.

7.8 VOTING. At all meetings of the Board of Directors each Director shall have one vote and, except as otherwise provided herein or provided by law, all questions shall be determined by a majority vote of the Directors present.

7.9 ANNUAL REPORT AND FISCAL YEAR The Board of Directors shall make available an Annual Report to be sent to the stockholders as soon as is practicable after the close of the Club's fiscal year, but in no event later than ten (10) days prior to the Annual Stockholder's Meeting relating to the immediately preceding fiscal year. The fiscal year of the Club shall be as defined by the Board.

7.10 NOMINATING COMMITTEE Not later than the regular Board meeting in January, the President shall appoint a Nominating Committee of no fewer than five (5) members, all of whom shall be stockholding Members in good standing, for approval by the Board. If approved by resolution of the Board, the Nominating Committee shall nominate stockholding Members in good standing at least sufficient to fill each vacancy on the Board; and shall, not later than the regular Board meeting in February, report such nominations to the Board. If the Board receives, by March 1, a petition signed by no fewer than five (5) stockholding Members in good standing requesting the name of another stockholding Member in good standing be included on the list of nominees for the Board, that Member shall be included on the list. This final list of nominees shall be posted in a conspicuous place in the Club and shall include the names of all valid petition candidates and Board nominees. An official ballot shall be mailed to all stockholding Members not less than twenty one (21) days before the Annual Stockholders meeting. Members shall return their ballots to the

Club as set forth in the ballot. The ballot shall provide for write-in-candidates.

7.11 REMOVAL. Any one or more Directors, or the entire Board of Directors may be removed from office, with or without cause, by the affirmative vote of seventy five percent (75 %) of stockholders entitled to vote and present (in person or by proxy) at any shareholders' meeting with respect to which notice of such purpose has been given.

7.12 BOARD OF DIRECTORS COMMITTEE APPOINTMENTS The President shall appoint from the Board of Directors a chairman for each of the following standing committees: House, Finance, Membership, Green, Golf, Tennis, Entertainment, Pool, Long Range Planning and Personnel. The members of each committee shall be selected by the President or the chairman of each committee. The President shall be an ex-officio member of each standing committee.

7.13 AD HOC BOARD OF DIRECTORS COMMITTEES The President may, from time to time, also appoint from among the Directors such other committees as the Board may determine, which shall in each case consist of not less than two (2) Directors, and which shall have such powers and duties as shall be prescribed by the Board. The President may be an ex-officio member of each ad hoc committee.

7.14 COMMITTEE RULES A majority of the Directors of any committee may determine its rules of procedure. All action by any committee shall be reported to the Board of Directors at a Board meeting succeeding such action and shall be subject to revision, alteration, and approval by the Board.

ARTICLE VIII OFFICERS

8.0 OFFICES, ELECTION, TERM.

(a) The Board of Directors shall elect a President, First Vice President, Second Vice President, a Secretary and a Treasurer and such other officers as it may determine, who shall have such duties, powers and functions as hereinafter provided, subject to change by the Board of Directors.

(b) All officers shall be elected or appointed to hold office until the meeting of the Board of Directors following the annual meeting of stockholders.

(c) Each officer shall hold office for the term for which he or she is elected or appointed and until his or her successor has been elected or appointed and qualified.

8.1. REMOVAL, RESIGNATION, ETC.

(a) Any officers elected or appointed by the Board of Directors may be removed by the Board of Directors with or without cause.

(b) In the event of the death, resignation, or removal of an officer, the Board

of Directors in its discretion may elect or appoint a successor to fill the unexpired term.

(c) Any two (2) or more offices may be held by the same person, except the offices of President and Secretary.

8.2 THE PRESIDENT The President shall be the Chief Executive Officer of the Club and shall, with the Secretary, sign all obligations, contracts, deeds, stock certificates, mortgages, promissory notes and other instruments, unless otherwise provided by the Board, and shall preside over all general and special stockholder and other Membership meetings.

8.3 VICE PRESIDENTS In the temporary absence of the President, or if he or she is unable to perform, the First Vice President, (or in the absence of the First Vice President, the Second Vice President, if any) shall perform the President's duties.

8.4 THE SECRETARY It shall be the duty of the Secretary to keep a record of the proceedings of the Club and with the President, to sign all obligations, contracts, deeds, stock certificates, mortgages, promissory notes and other instruments, and to discharge such other duties as may be entrusted to him or her by the Board. The Secretary shall preside over the election proceedings at the Annual Stockholders meeting and the subsequent election of the President and appointment of other officers at the first meeting of the new Board.

8.5 THE TREASURER The Treasurer shall receive the money of the Club and shall be responsible for the keeping of all accounting records. Such accounts and financial records of the Club shall be subject to inspection of the Board. In addition, the Treasurer shall have such other duties and responsibilities as given him or her by the Board of Directors.

8.6 OFFICE VACANCY In the case of a vacancy in the office of President, the First Vice President shall assume the office of President and the Second Vice President, if any, shall succeed the First Vice President. In the case of a vacancy in the offices of President, Secretary or Treasurer the Board shall fill such vacancy by appointment. Any such appointment shall be for the period of time remaining until the next annual meeting of the Board of Directors of the Club.

8.7 RIGHT TO DELEGATE The officers may delegate their respective duties and responsibilities to one or more persons approved by the Board of Directors, including but not limited to a General Manager.

8.8 DIRECTORS AND OFFICERS INSURANCE The Club shall purchase or maintain insurance on behalf of any person who is an officer, director, employee or agent of the Club, against any liability asserted against him or her and incurred by him or her in any such capacity or arising out of his or her status as such, whether or not the Club would

otherwise have the power to indemnify him or her against such liability. Further, such officer, director, employee or agent shall be indemnified by the Club as allowed by North Carolina law and the Board of Directors shall take any and all such action necessary and appropriate to authorize the payment of indemnification, including without limitation, making a good faith evaluation of the manner in which a claimant for indemnity acted and of the reasonable amount of indemnity due him or her, including making advances to such person prior to the resolution of any legal proceeding related to the indemnity claim.

ARTICLE IX STOCKHOLDERS/STOCKHOLDING MEMBERS

9.0 ANNUAL STOCKHOLDERS MEETING The Annual Stockholders Meeting for the election of Directors and the transaction of other business as may be brought before such meeting shall be held in March of each year, with the exact date determined by the Board of Directors, at a time and place designated in the notice of such meeting. At such meeting, the shareholders shall elect the Board of Directors to replace the retiring group of Directors and shall transact such other business as may properly come before the meeting.

If a quorum is present, the affirmative vote of the majority of the stockholding Members represented at the meeting and entitled to vote on the subject matter shall be the act of the Club, except as otherwise provided by law, by the Articles of Incorporation or these bylaws. Written ballots, other than ballots for Director nominees, shall: (1) set forth each proposed action and (2) provide an opportunity to vote for or against each proposed action.

9.1 STOCKHOLDING MEMBER A Member who has paid their initiation fee in full and purchased the required stock.

9.2 QUORUM OF STOCKHOLDERS. Seventy-five (75) voting stockholding Members in attendance, either in person or by return of proxy to the Board of Directors, will constitute a quorum. When a quorum is once present to organize a meeting, it is not broken by the subsequent withdrawal of any stockholders. A majority of the stockholding Members present may adjourn the meeting despite the absence of a quorum.

9.3 PROXY VOTE Each stockholding Member may grant a proxy to the Board of Directors or another person to vote such Member's stock. All proxy ballots shall indicate the time by which a ballot must be received by the Board of Directors to allow the Board of Directors to act as the proxy in order for the vote in such proxy ballot to be counted. A proxy may be revoked until the time the election is held. All proxies shall be in writing and signed by the stockholding Member granting such proxy or by his or her

attorney-in-fact and shall be filed with the Secretary of the Club before being voted. A proxy shall expire eleven (11) months from its date of execution unless it specifies a greater length of time for which it is to continue in force. The attendance at any meeting by a stockholder who shall have previously given a proxy applicable thereto shall not, as such, have the effect of revoking the proxy unless such stock holding Member elects to vote his or her share at such meeting. The Club may treat any duly executed proxy as not revoked and in full force and effect until it receives a duly executed instrument revoking it, a duly executed proxy bearing a later date, or the stockholder is present at the meeting and votes thereat or signs a consent or dissent and such signature is dated later than the date of the proxy.

9.4 ELECTION OF DIRECTORS An official proxy ballot shall be mailed by the Board of Directors to all stock holding Members not less than three weeks before the Annual Stockholders Meeting. An official ballot shall be distributed to all stockholding Members at the Annual Stockholders meeting. Ballots for the election of directors to the Board of Directors shall list all nominees and each stockholder shall vote for the number of vacant Board seats. Each ballot must have five candidates selected. Voting for less than the total number of vacancies will invalidate the ballot. Directors shall be elected by a plurality of votes cast. In the unlikely event of a tie with respect to the election to an open Board of Directors seat, the stock holding Members present will break the tie by a majority vote at the meeting.

The President shall appoint a special committee to tally the proxy ballots as well as all ballots distributed to stockholding Members at the Annual Stockholders meeting. The nominees receiving the highest number of votes shall be elected to the vacant seats on the Board. The elected members shall be notified of their election at the Annual Stockholders Meeting.

9.5 ACT OF STOCKHOLDING MEMBERS On all matters other than the election of Directors, voting by written ballot, including by a proxy ballot, shall be valid and deemed to be the act of the stockholders only when: (1) the number of votes cast by written ballot equals or exceeds the seventy-five (75) member quorum requirement set forth herein; and (2) a majority of the written ballots received by the Board of Directors vote in favor of the subject matter voted upon, except as otherwise provided by law or the Articles of Incorporation.

9.6 SPECIAL MEETINGS Special meetings of the stockholders may be called by the Board of Directors or by the President and shall be called by the President, the Secretary or any Assistant Secretary at the request in writing of a majority of the Board of Directors or at the request in writing by stockholders owning at least ten percent (10%) of the shares issued and outstanding. Such request shall state the purpose or purposes of the proposed meeting. If the President fails to call a meeting within thirty (30) days after receipt of such request, such meeting may be called by the

stockholders making such request. Business transacted at a special meeting shall be confined to the purposes stated in the notice of special meeting.

9.7 FIXING RECORD DATE FOR MEETINGS For the purpose of determining the stockholding Members entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to or dissent from any proposal without a meeting, or for the purpose of any other action, the Board of Directors shall fix, in advance, a date as the record date for any such determination of stockholders. Such date shall not be more than seventy (70) days before the date of such meeting, nor more than seventy (70) days prior to any other action. If no record date is fixed, it shall be determined in accordance with the provisions of law.

9.8 ADJOURNMENT The stockholders present, in person or by proxy, at any special or annual meeting of stockholders, may, by the affirmative vote of the holders owning a majority of shares of stock represented at such meeting and entitled to vote thereat, adjourn such meeting from time to time. No notice of the adjournment need be given. Stockholders present at the re-convened adjourned meeting may transact any business which might have been transacted at the original meeting, but no other business.

The stockholders entitled to vote at the re-convened adjourned meeting may be those as of the record date for the original meeting, unless a new record date is established by vote of the Board of Directors.

9.9 NOTICE OF MEETINGS OF STOCKHOLDERS The Club must provide written notice of each meeting of stockholders and such notice shall state the purpose or purposes for which the meeting is called, the place, date and hour of the meeting and, unless it is the annual meeting, shall indicate that it is being issued by or at the direction of the person or persons calling the meeting. This Notice may be included with the proxy ballots sent out by the Board of Directors. Notice shall be given, to each stockholder entitled to vote at such meeting, not less than ten (10) nor more than sixty (60) days before the date of the meeting by leaving such notice with the stockholder or at his or her residence or usual place of business or by mail. If mailed, the notice is given when deposited in the United States mail, with postage thereon prepaid, directed to the stockholder at his or her address as it appears on the record of stockholders or, if he or she shall have filed with the Secretary a written request that notices to him or her be mailed to some other address, then directed to him or her at such other address.

9.10 WAIVERS Notice of meeting need not be given to any stockholder who signs a waiver of notice, in person or by proxy, whether before or after the meeting. The attendance of any stockholding Member at a meeting, in person or by proxy, without protesting prior to the conclusion of the meeting the lack of notice of such meeting, shall constitute a waiver of notice by him or her.

ARTICLE X VISITORS

10.0 GENERAL Any Member shall have the privilege of introducing as a visitor to the Club any person who is not a resident of Cumberland County, provided that the name and address of the visitor and the name of the Member introducing such visitor and the date of such introduction shall be entered in the visitor's register immediately upon such introduction. Upon said request, such non-resident visitors shall be furnished with a visitor's card, signed by the President, Secretary or General Manager, certifying that such visitor is entitled to the privileges of the Club for two weeks from the date of issue of the visitor's card provided that the introducing Member is current on all fees and accounts due to the Club, with the privilege of one renewal of the visitor's card for a like period. No visitor whose invitation has been once renewed shall again be introduced within ninety (90) days from the expiration of the renewal period. Members shall be responsible for the conduct and indebtedness of visitors introduced as required herein.

10.1 COUNTY RESIDENTS A Cumberland County resident who is not a Member of the Club may be a guest of the Club a maximum of five (5) times in any one calendar year, regardless of the purpose of the visit. All such guests must be accompanied by a Member, the Member's spouse or a dependent of the Member's family. At the discretion of the Board, this restriction may be relaxed to allow for increased participation in certain Club activities. The Club's Rules and Regulations shall include specific mention of all Board-approved relaxation of the County Residents rule.

10.2 GUEST REGISTRATION Members are responsible for the registration of their guests on each visit and for insuring that their guests who are residents of Cumberland County have not previously been guests at the Club more than five (5) times per calendar year.

10.3 DATES AND INDIVIDUALS WHO PERMANENTLY RESIDE WITH A MEMBER

There shall be no limitation on the number of visits to the Club by a "date", significant other or those who permanently reside within a Member's primary home who are not dependents so long as such individuals are accompanied by the Member.

ARTICLE XI STOCK AND CLUB CAPITAL

11.0 STOCK CERTIFICATES The Board of Directors will determine the number of shares of capital stock of the club required to satisfy membership classifications and will determine the cost of each share sold.

11.1 SHARES REGISTER The Club shall keep at its office a Share Register, showing

the names of the stockholders and their addresses, the number and date of stock purchases and the monies received. The record will also account for share redemption. If stock certificates were issued at purchase or surrendered at redemption, the transaction will be recorded.

11.2 STOCK REPURCHASE Any Member owning a share(s) of capital stock of the Club who resigns from the Club shall forfeit his or her share(s) for repurchase by the Club. In the case where the Member has a certificate, the certificate shall be surrendered to the Club for repurchase. The Club will repurchase resigned stock shares at the price paid by such stockholder up to a total of \$75,000 per calendar year. Shares will be paid in chronological order based on the resignation date of the stockholder.

11.3 LOST CERTIFICATES In case any certificate for the capital stock of the Club shall be lost, stolen or destroyed, the Club will verify the claim loss against the Share Register and record the certificate loss. Certificates need not be replaced since the Share Register is used for accounting.

11.4 HOLDERS OF RECORD The Club shall be entitled to treat the holder of record of any share(s) of stock as the holder thereof in fact and shall not be bound to recognize any equitable or other claim to or interest in such stock on the part of any other person, whether or not it shall have express or other notice thereof, including any claim by a divorced spouse.

11.5 STOCK OF DECEASED MEMBERS A surviving spouse of a deceased member, who, by operation of law or by will, is entitled to a deceased Member's stock shall, upon request made to the Board of Directors, be immediately accepted as a Member without additional fees and the Membership records of the Club shall so reflect said transfer.

11.6 CAPITAL EXPENDITURES Capital expenditures exceeding \$1,500,000.00 (one and a half million US Dollars) in any one fiscal year shall require approval by a majority vote of the stockholding Club members at an annual or special meeting.

ARTICLE XII AMENDMENTS

12.0 AMENDMENT PROCEDURE The bylaws may be amended at any regular or special meeting of the board of Directors, providing a copy of the proposed amendment shall be posted throughout the Club in two conspicuous places for at least ten (10) days prior to the meeting at which the amendment shall be voted upon and also that it be subscribed to by at least ten (10) members of the club who are not Board members. A two-thirds (2/3) vote of the entire Board of Directors -- at least ten (10) directors voting in favor of the amendment -- is required for any bylaw amendment.

12.1 AMENDMENT CONFLICT. The bylaws herein shall not authorize any amendment of the bylaws that is in conflict with the Articles of Incorporation of Highland Country Club, Incorporated or with the laws of the State of North Carolina.

12.2 LIMITATION The Board of Directors may not amend the bylaws to change the authorized number of directors.

ARTICLE XIII INTERPRETATION

13.0 INTERPRETATION The interpretation of these bylaws shall rest with the Board of Directors.

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