

Hamilton Lakes Pool, Inc.
By-Laws

As Amended March 31, 2008

ARTICLE I – GENERAL

Section 1. The name of the non-profit 501 (c) (7) corporation shall be Hamilton Lakes Pool, Inc., referred to herein as the “Corporation” or the “Club,” which terms shall be deemed interchangeable, except where, for technical or legal reasons, a distinction in meaning is required or desirable.

Section 2. The principal office of the Corporation shall be at 800 Montpelier Drive, Greensboro, North Carolina, or such other location as may be designated by the Board of Directors.

Section 3. The accounting period of the Corporation shall be a fiscal year beginning October 1 and ending September 30 of each year.

ARTICLE II – PURPOSE:

The purpose of the formation and operation of the Corporation is to promote the health and social welfare of its members in the ownership of a swimming pool and tennis courts, together with such incidental objects as are appropriate in the conduct of its activities, in the County of Guilford, and State of North Carolina, for the use of its members and their families.

ARTICLE III – MANAGEMENT

Section 1. The Corporation shall be managed by a Board of Directors consisting of nine (9) Directors, each of which shall be a Full Member of the Club elected as set forth in ARTICLE IV, below. Directors may be compensated for services rendered to the Corporation by dues reduction or forgiveness or such other reasonable compensation as may be determined by the Board from time to time.

Section 2. The Board of Directors shall not permit the pool and other recreation facilities of the Club to be controlled by, or under common control with, another person, firm, organization or corporation other than Hamilton Lakes Pool, Inc.; provided, however, that the Board shall have authority

(a) to grant liens or security interests in the Corporation’s assets, including the pool and other facilities, to secure indebtedness incurred pursuant to ARTICLE IV, Section 4, and in connection with such liens or security interests to authorize the control, sale, or foreclosure of such assets by third parties; and

(b) to enter into partnerships, joint ventures, or other contractual arrangements with other clubs, facilities or organizations which permit the use of some or all of the Club’s facilities by other groups or organizations in exchange for reasonable compensation or in exchange for reciprocal rights of Club Members to use other area facilities owned or controlled by such third parties on such terms as the Board, in its discretion, determines to be fair and reasonable.

ARTICLE IV – BOARD OF DIRECTORS

Section 1. The members of the Board of Directors of the Club shall be elected at each annual meeting of Members at which a quorum is present or at a special meeting of Members held for such purpose in accordance with these By-Laws. Directors shall be elected for staggered terms, with three Directors to be elected at each annual meeting (or any special meeting in lieu thereof). In any such election, the three (3) nominees receiving the highest number of votes cast shall be deemed to have been elected; provided, however, that in the case of any meeting where one or more additional directors are to be elected to fill a vacancy on the Board, the number of nominees elected shall be that number

necessary to fill the three seats open for that year's election plus all vacancies to be filled at such meeting.

Section 2. Members elected to serve as Directors will serve for a period of three years, and/or until their successors shall have been chosen. Notwithstanding the foregoing, any member of the Board of Directors who shall cease to hold an active Full Membership in the Club shall automatically cease to be a member of the Board of Directors.

Section 3. In the event of a vacancy on the Board, the remaining Directors shall have the power to appoint any Full Member in good standing to fill the vacancy for the remaining unexpired term or, if such term is to continue for more than one year, until the next annual meeting of Members, at which time the Membership will elect a permanent replacement Director to fill the vacancy for the remainder of the departing Director's original three-year term.

Section 4. Consistent with these By-Laws, the Board of Directors shall have authority:

(a) to transact all corporation business and make and amend rules for the regulation and the use of the corporate property, including authority to appoint and remove such officers, clerks, agents, servants, or employees as it may deem necessary and fix their duties and compensation;

(b) to elect from the Board of Directors annually a Chairman, a Vice Chairman, a Secretary and a Treasurer, each of whom will serve without remuneration, and in the case of a vacancy in any of these offices during the year, to appoint any Full Member in good standing to fill the vacancy for the unexpired term;

(c) to prescribe and determine Membership and initiation fees, dues, assessments, and other requirements of membership in accordance with Article VIII of these By-Laws, and to suspend Members who fail to comply with such requirements;

(d) to make, alter and amend club rules and provide penalties, including removal or suspension, for infractions of such rules or these By-Laws;

(e) to make or authorize the lease, purchase or lease-purchase of any equipment, facilities or other capital assets, materials or supplies; to contract for whatever goods or services may be reasonably required in the operation and maintenance of the Club; to make alterations, repairs and improvements in and to the property of the Club and Club facilities; and to modify or discontinue any Club facilities, where such action in the discretion of the Board is necessary or expedient; provided that, where any one expenditure for alterations, improvements, acquisition and disposition of property of the Club exceeds current reserves and cash on hand by more than One Hundred Thousand Dollars (\$100,000), the matter shall be submitted to an Annual or Special Meeting of Members for consideration and final action thereon, and no such expenditure shall be made or finally contracted for except when approved at any such duly constituted Annual or Special Meeting;

(f) to obligate the Corporation for secured or unsecured loans, bonds or other indebtedness; to refinance any existing indebtedness of the Corporation; and to pledge any or all of the Club's assets and properties as security for such indebtedness; provided that before undertaking any new indebtedness exceeding One Hundred Thousand Dollars (\$100,000) or any refinancing indebtedness where the principal amount thereof exceeds the indebtedness to be refinanced by One Hundred Thousand Dollars (\$100,000) or more, the proposed financing shall be submitted to an Annual or Special Meeting of Members for consideration and final action thereon, and no such indebtedness shall be undertaken or finally contracted for except when approved at any such duly constituted Annual or Special Meeting;

(g) To remove any officer from office upon an affirmative vote of not less than five (5) directors, and to elect officers in the event that any office becomes vacant;

(h) Generally to manage the affairs and promote the best interests of the Corporation within the scope of the purposes for which it was organized, and in the exercise of its powers, the Board shall be

authorized to employ and compensate such agents, representatives, auditors, accountants, attorneys and other persons as the Board deems necessary in the furtherance of the Club's interest and affairs.

Section 5. There shall be at least one meeting of the Board of Directors each month during the pool operating season at a time to be designated by the Chairman. Special meetings of the Board of Directors may be called by the Chairman and shall be called by the Secretary upon the request of a majority of the Members currently serving on the Board.

Section 6. A majority of the members currently serving on the Board shall constitute a quorum for the purpose of transacting corporate business, and the affirmative vote of a majority of the Directors present at any meeting where a quorum is present shall be necessary to pass any resolution or authorize any corporate act.

Section 7. The Board of Directors may in its discretion from time to time refer to any Annual or special meeting of Members any matter with respect to which the Board of Directors desires ratification, approval, consideration, or other action.

Section 8. Minutes of all meetings of the Board of Directors shall be made available to members of the Board by the Secretary, upon request.

ARTICLE V – OFFICERS

Section 1. The officers of the Corporation shall be a Chairman and a Vice Chairman, and at the Board's election may also include a Secretary and/or a Treasurer. The officers of the Corporation shall be elected by the Board of Directors and each shall hold office until his or her death, resignation, retirement, removal or disqualification or until his or her successor has been elected and qualified.

Section 2. The Chairman shall be the chief administrative officer of the Corporation. The Chairman, or in his absence, the Vice Chairman, shall preside at all meetings of the Corporation's Members and Board of Directors, and each shall perform such other duties as may be directed by the Board of Directors. The Chairman and Vice Chairman shall each have authority to sign, or cause to be signed, all written contracts, obligations and instruments approved by the Board of Directors to be signed on behalf of the Corporation

Section 3. The Secretary shall send out the notices of meetings of Members and of the Board of Directors, keep the minutes and attend to the correspondence pertaining to his or her office. The Secretary shall have custody of the deeds, leases, contracts and other important corporate documents and shall have charge of the books, records and papers of the Corporation relating to its organization and management as a Corporation.

Section 4. The Treasurer shall attend to keeping the accounts of the Corporation, collecting its revenues and paying its bills as approved by the Board of Directors or other agency authorized by the Board to incur them. The Treasurer shall deposit funds of the Corporation received by him or her in the name of the Corporation in such depository as may be authorized by the Board. At the end of every fiscal year, the Treasurer shall prepare an annual financial report, which shall be available to all Full Members of the Club at all times.

Section 5. The Board of Directors, in its discretion, may employ a full time Secretary to perform the duties of Secretary and/or Treasurer as set down in ARTICLE V, Section 3 and 4. The person so employed may hold the title of Secretary and/or Treasurer, but is not a legal officer of the Corporation.

Section 6. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors with or without cause, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. An officer may resign at any time, by communicating his resignation to the Corporation, but such resignation shall be without prejudice to the contract rights, if any, of the Corporation with such officer.

ARTICLE VI – MEMBERS

Section 1. All Members agree to abide by all Club rules, regulations, resolutions and By-Laws as now or hereafter in effect with reference to the use and operation of Club properties.

Section 2. Membership in this Corporation shall consist of:

(a) Family units. A family unit shall consist of a husband and/or wife, and the children of the husband and wife, whether natural or adopted, residing with the husband and/or wife in their principal residence including full-time students whose permanent residence is with the husband and/or wife. Children maintaining separate households are not included in the family unit. Only parents and children are to be considered members of the family unit. Blood relatives other than children of the husband or the wife staying in the principal residence may be issued a special pass, but will not receive membership tags. The Board shall direct, from time to time, the procedure for obtaining special passes.

(b) Two-Adult Households. Two adults both over the age of 21 living in the same house.

(c) Single Adult. One person over the age of 21.

Section 3. There shall be two classes of Members: Full Members and Provisional Members.

(a) Full Members shall be those Members who have paid the Membership Initiation Fee and annual dues and are otherwise in compliance with the requirements for membership set forth herein. Full Members shall be eligible to hold any corporate office, shall have one vote on all corporate matters requiring Member approval, shall be entitled to all of the privileges of the Club's facilities, and shall share in any net proceeds remaining upon dissolution of the Corporation as provided in Article IX, Section 5.

(b) Provisional Members shall be those Members who have applied and been approved for Provisional Membership, as evidenced by receipt of an acceptance letter from the Club, who have paid their annual dues and are otherwise in compliance with the requirements for membership set forth herein, but who have not yet converted to Full Membership by payment of the Membership Initiation Fee. Provisional Members shall have such use of the Club's facilities as may be approved by the Board of Directors from time to time either for all Provisional Members or for groups or classes of Provisional Members, in each case as set forth in the acceptance letter granting Provisional Membership. Such use, in the Board's discretion, may be subject to higher fees for club services and facility rentals or lesser privileges or priority for use of facilities than would apply to Full Members. Provisional Members shall not be eligible to hold corporate office, shall have no voting rights, and shall not share in any net proceeds remaining upon dissolution of the Corporation under Article IX, Section 5.

Section 4. Application for Full or Provisional Membership shall be in writing, on such form and accompanied by payment of such fees and dues as may be established by the Membership Committee and the Board of Directors from time to time pursuant to Article VIII. The Board shall act upon all applications for Membership at its next meeting following receipt, advising each applicant as to that action immediately thereafter. Upon approval by the Board, each approved applicant shall receive a letter evidencing such person's status as a Full or Provisional Member, as applicable, and shall be entitled to use of the Club's facilities on the terms and for the period set forth in such letter, subject to payment of all applicable dues, fees and assessments as set forth in Article VIII. Provisional Membership shall be for a period not to exceed one year, as determined by the Membership Committee and the Board of Directors for each Provisional Member or class of Provisional Members and set forth in the Provisional Membership acceptance letter. After expiration of the Provisional Membership period, a Provisional member may become a Full Member by submitting a written request to the Board and payment of the then-applicable Membership Initiation Fee.

Section 5. To be eligible for Membership tags, those persons seeking such tags must be members of a family unit comprised of at least one Full or Provisional Member. Only the family unit of the Member named in the Membership Certificate (if applicable) or Membership acceptance letter is eligible for membership tags. In the event a family unit holding a Full or Provisional Membership becomes divided by divorce, Membership privileges shall be determined based on the Member named in the Membership acceptance letter. In the event of a separation without divorce, only persons qualifying as members of the "family unit" of the Member named in the Membership acceptance letter shall be entitled to Membership privileges.

Section 6. A Member or any member of a Member's family unit may be suspended or expelled by the Board for misuse of the Club facilities, for violation of these By-Laws or the rules and regulations established by the Board hereunder, for conduct unbecoming a lady or a gentleman or for non-payment of dues. Upon any such suspension or expulsion, the individual's access to the Club may be revoked and membership tags cancelled, but there shall be no refund or forgiveness of the current year's dues.

Section 7. The Board of Directors shall by rule fix the terms and conditions upon which guests of Members may use the pool and other facilities, and all guest fees established by the Board shall be promptly paid by the Members when due.

Section 8. The Corporation assumes no responsibility to Members or to their guests for any property of the Members or their guests, which may be brought into or left in the Club building or upon its grounds. No person shall take any article belonging to the Corporation.

Section 9. The Corporation assumes no responsibility, and no Member or guests can have any claims against the Corporation, for any accident or injury to any person or their property.

ARTICLE VII. MEETINGS OF MEMBERS

Section 1. The annual meeting of Members of the Corporation shall be held the third Monday of October, at a time and place to be designated by the Chairman. Notice of the annual meeting shall be given by mail to all Members at least five (5) days prior to the date of the meeting. If the annual meeting is not held on the day designated in this Section, a substitute annual meeting may be called as provided in Section 2. A substitute annual meeting shall be designated and treated for all purposes as the annual meeting.

Section 2. Special meetings of the Corporation's Members may be called (a) by the Board of Directors at any time, or (b) by the Secretary within 30 days following written request by 60 or more Members delivered to the Secretary and stating the purpose for such meeting. Notice of any special meeting shall be given by mail to all Members at least five days prior to the date of the meeting. The notice shall state the purpose for which the special meeting is called and no other business shall be transacted at such meeting.

Section 3. The Chairman may declare when a quorum is present at any meeting of Members, but in any event fifty active Full Members present in person, shall constitute a quorum at all meetings of the Corporation's Members. Proxy voting will not be permitted.

Section 4. Whenever in these By-Laws notice to Members is required, the mailing of such notices to the last known address of the Member as set forth on the Corporation's record books shall constitute notice.

Section 5. The Board of Directors meetings held in May, June, July, and August of each year are open to all Members. The meetings will be at 7:00 PM at the pool/clubhouse on the third Monday of each month.

ARTICLE VIII – DUES, FEES AND ASSESSMENTS

Section 1. Each person accepted for Full Membership shall be required to pay (a) a non-refundable Membership Initiation Fee, as established by the Board from time to time, and (b) such annual dues, fees and assessments as may be imposed by the Board for each year. Each person accepted for Provisional Membership shall be required to pay such annual dues and fees and assessments as may be imposed by the Board for each year, but shall not be required to pay the Membership Initiation Fee until such time as he or she converts to a Full Membership.

Section 2. The Board of Directors will establish such annual dues as will be sufficient to provide for the current annual expenses (including all payments of principal, interest and fees due with respect to corporate indebtedness), protect the corporate capital, and provide for the proper maintenance and improvements of the property. Such dues shall be payable by April 1 each fiscal year. Neither annual dues nor parts thereof shall be refunded in the event that pool, tennis or other Club operations are required to be suspended for any period.

Section 3. The Board shall use all possible efforts to cause the Club to be operated in a manner such that its expenses do not exceed Member dues and other income earned during each fiscal year. If, for any reason, the Club's operations and expenses for any year (including required repairs to the Club's facilities and principal, interest or other payments due under the Club's outstanding indebtedness) exceed the revenues received by the Club for that year, the Board shall send a notice to all Members describing the nature, cause and extent of any deficiency and setting forth the Board's intended course of action to remedy the deficiency including, if necessary, an assessment of the Club's Membership. In the event of a Member assessment, the Board shall notify each Member of the amount of his or her assessment. Payment of any such assessment shall be due on the date or dates indicated in the notice.

Section 4. Members shall be responsible for the payment of all charges or liabilities that may be imposed upon or incurred by members of their family to whom Club privileges shall have been extended, and for all charges and liabilities imposed upon or incurred by guests they bring to the Club or permit to use its facilities.

Section 5. Any Member failing to pay dues, fees, assessments or other obligations owed to the Club before the 10th of the month following that in which a statement of his indebtedness shall have been sent to him by the Treasurer shall be notified in writing that if such indebtedness shall not be paid within fifteen days thereafter, the delinquent Member may be suspended by the Board of Directors. Any person thus suspended shall immediately be notified in writing by the Secretary of his or her suspension, and if the indebtedness is not paid within fifteen days after sending of such notice, he or she shall cease to be an active member of the Club and surrender the right to use the facility, without refund of any amounts previously paid and without any further ownership rights in any Membership Certificate he or she may hold, which shall be deemed surrendered and cancelled effective as of the end of such fifteen-day period.

Section 6. Any Member of the Corporation may request withdrawal of his or her Membership at any time; however, there shall be no refund of the current year's dues.

ARTICLE IX – MEMBERSHIP CERTIFICATES

Section 1. Members who joined the Club as full members prior to February 21, 2005 were required to purchase stock certificates evidencing a \$250 investment in the Corporation. Effective February 21, 2005, all outstanding stock certificates have been converted into Membership Certificates having a face value of \$250 each, and such outstanding Certificates shall be subject to the terms set forth in this Article. No additional stock or Membership Certificates shall be issued by the Corporation after February 21, 2005.

Section 2. In the event a Member holding a Membership Certificate requests withdrawal of his or her Membership, the Club shall have the option, by written notice to the withdrawing Member, to

repurchase such Member's Membership Certificate for the face value thereof; however, the Club shall not be required to repurchase the withdrawing Member's Membership Certificate except upon the following conditions:

(a) The Member submits a written request to the Board of Directors stating the reason for withdrawal and requesting repurchase of his or her Membership Certificate; and

(b) The Board of Directors approves the repurchase; and

(c) The Board, in its sole discretion, determines that the Corporation's excess revenues, after paying or providing for all anticipated expenses of the Club, are sufficient to make such repurchase.

In the event one or more withdrawing Members fulfill the requirements of subparagraphs (a) and (b) above but the Club's excess revenues are not sufficient, in the opinion of the Board, to make the requested repurchases, such Members shall be placed on a waiting list maintained by the Secretary, in the order in which the requests for repurchase are received, and shall have their Membership Certificates repurchased as excess funds become available. In no event will any Membership Certificate be repurchased if at the time of or as a result of such repurchase the corporation would not be able to pay its debts as they become due in the ordinary course of business or its total assets would be less than the sum of its total liabilities.

Section 3. Subject to approval of the Board of Directors, Membership Certificates may be transferred within immediate families upon separation or divorce, in each case without payment of any additional fees to the Corporation (other than such transfer fee as the Board of Directors may, from time to time, establish to cover the reasonable costs of such transfer). For the purposes of this Section, the transfer of a Membership Certificate to a new owner shall redefine the family unit as being that of the new holder. Except for those transfers described in this Section, Membership Certificates are transferable only to the Corporation. Each certificate shall provide that it shall not be transferred on the books of the Corporation until any obligations due the Corporation by the owner thereof shall be liquidated in full.

Section 4. Upon cessation of membership of any Member holding a Membership Certificate, regardless of cause, all obligations and indebtedness owing by the Member to the Club shall be a lien upon and charged against his or her Membership Certificate, and the certificate may be taken over by the Club to satisfy such indebtedness. If the Corporation is unable to obtain possession of the certificate within 30 days following cessation of membership, the Membership Certificate may be canceled on the books of the Corporation and the Member shall forfeit any right to receive payment therefor. In case of the enforcement of a lien, as herein provided, neither the signature of the holder nor the delivery of the certificate shall be required to perfect the transfer of the Corporation, and the Treasurer of the Corporation is designated as attorney-in-fact of each Member for the purpose of making such transfer. Every Membership Certificate issued is expressly subject to the provisions of this section.

Section 5. In the event of the dissolution of the Corporation in any manner or for any cause, and in no other event, upon the effective date of dissolution of the Corporation, all outstanding Membership Certificates shall be a lien upon the proceeds of the sale of the property of the Corporation, after the payment of all of its just debts and obligations, to the extent of the face value of the Certificates as fixed by these By-Laws, subject to payment of all debts, dues and obligations owed by the holder of each certificate to the Corporation. After payment of the face value of all Membership Certificates outstanding upon the effective date of dissolution of the Corporation, the surplus remaining shall be paid and distributed pro rata among all active Full Members of the Club in good standing at the time of dissolution.

ARTICLE X – COMMITTEES

Section 1. The Board of Directors may from time to time appoint such committees as deemed necessary.

Section 2. Any and all duties and powers assigned by the Board of Directors to committees shall be subject to the authority of the Board of Directors, and one member of the Board of Directors shall serve on each such committee.

ARTICLE XI – MISCELLANEOUS

Section 1. The Club is a non-profit corporation organized and operated exclusively for pleasure, recreation, and other non-profitable purposes and no part of the net earnings, if any, of this corporation shall under any circumstances or conditions be distributed to or inure to the benefit of any of the corporation's Members.

Section 2. In addition to any indemnification required or permitted by law, and except as otherwise provided in these By-laws, any person who at any time serves or has served as a director, officer, employee or agent of the Corporation shall have a right to be indemnified by the Corporation to the full extent allowed by applicable law against liability and litigation expense arising out of such status or activities in such capacity. "Liability and litigation expense" shall include costs and expenses of litigation (including reasonable attorneys' fees), judgments, fines and amounts paid in settlement which are actually and reasonably incurred in connection with or as a consequence of any threatened, pending or completed action, suit or proceedings, whether civil, criminal, administrative or investigative, including appeals. In no circumstances, however, shall the corporation indemnify any such person against any liability or litigation expense incurred on account of activities which were at the time taken known or believed by such person to be clearly in conflict with the best interests of the Corporation, or in relation to matters as to which he or she shall be adjudged liable, or in which any sum is paid in settlement of any action, suit or proceeding, for gross negligence or willful misconduct in the performance of his or her duties. Furthermore, the Corporation shall not indemnify any director (a) in connection with any proceeding by or in the right of the Corporation in which the director is adjudged liable to the Corporation, or (b) in connection with any transaction from which the director derived an improper personal benefit as provided by N.G. Gen. Stat. §55A-8-51(d)(2). The Corporation shall not be obligated to indemnify persons described in this Section for any amounts paid in settlement unless the Corporation consents in writing to the settlement, which consent shall not be unreasonably withheld. The Corporation's consent to a proposed settlement shall not constitute an agreement by the Corporation that any person is entitled to indemnification hereunder. The Corporation shall waive the requirement of this section for its written consent as fairness and equity may require.

Section 3. Any questions as to the meaning or proper interpretation of any of the provisions of these By-Laws shall be determined by the Board of Directors.

Section 4. These By-Laws may be amended by a two-thirds majority vote of the Board of Directors.