

SEABROOK ISLAND CLUB

BYLAWS

January 1, 2009

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BYLAWS

ARTICLE I - NAME AND PURPOSE

1.1 Name

The name of the corporation is: Seabrook Island Club, hereinafter also referred to as "the Club."

1.2 Purpose

Seabrook Island Club, a South Carolina not for profit mutual benefit corporation, exists for the sole purpose of owning and operating its facilities for the use and benefit of members and their guests.

1.3 Vision

Seabrook Island is a private residential community with lifestyle amenities for all ages where homeowners control their own destiny and, with their guests, share a unique sense of belonging in a natural, forested, oceanfront environment. Recreation and leisure facilities are provided for the use and enjoyment of the Seabrook Island community.

ARTICLE II - CLUB EMBLEM

2.1 Design and Use

The emblem of the Club will be of a style and design approved by the Board of Governors. The Board of Governors can allow the use of this emblem by others only to benefit the Club, as determined by the Board on a case-by-case basis.

ARTICLE III - BOARD OF GOVERNORS

3.1 Board of Governors

The governance of the Club is vested in a Board of Governors (The Board) consisting of 9 to 15 active members. The exact number will be determined annually by the Board in advance of the Annual Meeting and announced in the notice of such meeting.

3.2 Duties of the Board

The Board will exercise all powers of the Club and do all acts and things necessary to carry out the purposes of the Club, except for those duties and powers specifically reserved to a vote of the membership as set forth elsewhere in these Bylaws.

3.2.1 Specific Duties and Powers of the Board

- a) To elect the Officers of the Club.
- b) To select the number of Governors between 9 and 15.
- c) To approve committees and assign duties.
- d) To fill vacancies on the Board because of death, resignation, inability to perform duties, or other special reason until the next election of Governors by the members.
- e) To appoint and oversee a management company, an individual, or individuals for the proper operation and management of the Club and Seabrook Island Realty, Inc., a wholly owned subsidiary of the Club.
- f) To enter into contracts needed for proper operation and maintenance of the Club.
- g) If deemed appropriate, to remove from office any member of the Board who:
 1. Fails to attend over 60% of those meetings, both Board and Committee, at which he or she should be in attendance.

2. No longer performs in the best interest of the Club. This must be agreed upon by at least 2/3 of the Board members.
- h) To exchange rights to use the Club facilities with members of other private clubs.
 - i) To sell, lease, exchange or otherwise dispose of all or parts of the Club's assets up to a value of \$250,000, or to purchase real property up to a value of \$250,000.
 - j) Upon approval of at least 2/3 of all eligible votes cast by the members in person or by proxy: to merge or consolidate the Club with another entity; to dissolve the Club; to sell, lease, exchange, transfer, or otherwise dispose of all or parts of the Club's assets in excess of a value of \$250,000; or to purchase real property in excess of a value of \$250,000.
 - k) Upon approval of at least 2/3 of the Board, to borrow money, incur indebtedness or pledge assets of the Club.
 - l) To elect candidates for membership in the Club.
 - m) To have the power to establish sanctions/penalties for infraction of Club Rules and Regulations and/or violations of the Bylaws.
 - n) To establish and abolish committees and subcommittees.
 - o) To approve or remove any committee member.
 - p) To approve, alter, or rescind any rules or regulations.
 - q) To receive and resolve complaints, provided such complaints are in writing.
 - r) To fix from time to time the amount and method of payment of fees, dues, and all other charges subject to Article 7.1
 - s) To develop and approve an annual budget.
 - t) To define, issue, cancel, or transfer memberships and have membership certificates prepared in form and content consistent with the provisions of the Articles of Incorporation and these Bylaws.
 - u) To perform all such other acts and things as are permitted by the laws of the State of South Carolina with respect to not for profit corporations, as those laws now exist or as they may provide in the future.
 - v) To establish and approve the Club's capital spending policy.
 - w) By August 1 of each year, the Board will review and update the Strategic Plan prior to beginning the budgeting process for the next fiscal year.

3.2.2 Compensation

No Governor will receive a salary or any other compensation from the Club, but any Governor will be entitled to reimbursement for reasonable expenses incurred in performing any duties pursuant to these Bylaws.

3.2.3 Interpretation of Bylaws

The Board will have the corporate power generally to do everything permitted not for profit corporations by law, statute, its Articles of Incorporation and these Bylaws, and to determine the interpretation or construction of these Bylaws or any parts of them which may be in conflict or of doubtful meaning. Their decision will be final and conclusive so long as consistent with applicable law.

3.2.4 Indemnification

The Club shall indemnify and hold harmless each person who shall serve at any time as Governor, officer or committee member from and against any and all claims and liabilities to which such person shall become subject by reason of his or her having been, or hereafter being, Governor, officer or committee member of the Club, or by reason of any action alleged to have been taken or omitted by him or her as such Governor, officer or committee member to the fullest extent permitted by South Carolina law. The Club shall reimburse each such person for all reasonable legal and other expenses incurred by him or her in connection with any such claim or liability; provided, however, that no such person shall be indemnified against, or be

reimbursed for any expense incurred in connection with any claim or liability arising out of his or her gross negligence or willful misconduct.

3.3 **Officers**

The Board at a meeting immediately following the Annual Meeting shall elect the following officers of the Club to serve for a term of one (1) year or until their successors are elected: a President, a Vice-President, a Treasurer, and a Secretary, and any other officers as the Board from time to time determines appropriate.

3.3.1 **Duties of Officers**

a) **PRESIDENT**

The President will preside at all meetings of the members and of the Governors and enforce observance of the provisions of these Bylaws and all Rules and Regulations of the Club. The President may call special meetings of the Board of Governors, will be an ex-officio member of all committees, and is empowered to execute all papers and documents requiring execution in the name of the Club. With the approval of the Board, the President will appoint all committee chairpersons, including that of the Nominating Committee. The President, in his or her discretion from time to time, may delegate any specific responsibilities and/or duties to the Vice President.

b) **VICE PRESIDENT**

In the absence or disability of the President, the Vice President will perform and carry out all duties and responsibilities of the President. In addition, the Vice President may carry out any duties and responsibilities of the President that are assigned to the Vice President by the President or by the Club Board.

c) **SECRETARY**

The Secretary or the designee will keep records and minutes of all meetings of the Board of Governors and the membership, and the Secretary will be responsible for giving all required notices of such meetings. The Secretary or the designee will have custody of the Seal of the Club, a copy of the current Club Bylaws, a copy of the Articles of Incorporation, the minutes, and other corporate documents. All membership records will be kept under the Secretary's supervision.

d) **TREASURER**

The Treasurer will cause to be collected, held and disbursed, under the direction of the Board of Governors, all monies of the Club, including monies due the Club from the issue of memberships, from dues and charges of members of the Club, as well as all amounts due from others. The Treasurer will keep or cause to be kept regular books of account and all financial records of the Club, and will prepare budgets and financial statements, when and in the form requested by the Board of Governors. The Treasurer will deposit or cause to be deposited all monies of the Club in an account or accounts in the Club's name, in the bank or banks designated by the Board.

e) **OTHER OFFICERS**

The Board of Governors may appoint additional officers and assign their duties.

f) **DUTIES OF OFFICERS**

Any officer may be given additional assignments and duties by the Board of Governors.

g) **REMOVAL FROM OFFICE**

Any officer may be removed from office, with or without cause, by at least a two-thirds (2/3) vote of the members of the Board.

3.4 **Board Membership**

3.4.1 **Election of Board Members**

Election of members to fill vacancies on the Board will be done annually at the members' Annual Meeting.

- a) The lengths of the terms of office of elected members will be either one, two or three years, so that the Board will consist of approximately equal divisions of Governors with one, two and three years remaining in their terms.
- b) In any election to fill vacancies on the Board, candidates will be ranked according to the number of votes received. To the extent necessary to fill the vacancies on the Board the candidates receiving the highest number of votes at the Annual Meeting of the members for each designated term will be declared elected.
- c) The immediate past president of the Club whose Board term has expired shall be granted a seat on the Board, ex-officio, non-voting, for a period of one year, subject to his or her acceptance of said position.

3.4.2 **Nominating Procedures**

- a) At a meeting of the Board of Governors held not less than ninety (90) days before the Annual Membership Meeting, the Board will approve a Nominating Committee consisting of six (6) members of the Club who, except for the Chairman, will not be members of the Board. Members of the nominating committee will serve two year terms with the exception of the Chairman. Unless specifically requested by a majority of the Board, the Nominating Committee will not nominate candidates to fill any vacancies occurring by reason of death, resignation or otherwise, for any unexpired term.
- b) The Nominating Committee will recommend to the membership at least seventy-five (75) days prior to the members' Annual Meeting, the names of dues paying members in good standing to be elected to fill vacancies on the Board.
- c) Members in good standing of the Club who represent over ten percent of the total eligible votes of the full membership may also nominate candidates for the Board by petition, signed by them and filed with the Secretary at least 45 days prior to the members' Annual Meeting. The names of any such nominees, after having been certified that they desire and are qualified for election, will be included in the final proxy mailing to the members.

3.4.3 **Action in Case of Vacancy**

In case of a vacancy on the Board, owing to death, resignation or removal, the Board will elect a member to fill the vacancy until the next Annual Meeting of the Club, when the membership will elect a member for the remainder of the unexpired term.

3.5 **Limitations on Board Membership**

A Board member may not serve more than six (6) consecutive years or two (2) consecutive terms, whichever is less. However, with the approval of the Board, any Board member who has particular expertise can serve additional term(s).

3.6 **Committees**

3.6.1 **Appointments**

With the approval of the Board, the President will annually establish all necessary committees and appoint Committee Chairpersons.

3.6.2 **Executive Committee**

There shall be an Executive Committee that will consist of at least four (4) members. They will include the President, who will serve as Chairman, the Vice President, the Treasurer, and the Secretary. In addition the

immediate past president of the Club whose Board term has expired shall be granted a seat on the Executive Committee, ex-officio, non-voting, for a period of one year, subject to his or her acceptance of said position. The President has the option to appoint additional members who shall also be approved by the Board. During intervals between meetings of the Board of Governors, the Executive Committee will have general supervision over and responsibility for the management and control of the Club and will exercise all powers of the Board, subject to subsequent approval by the Board.

3.7 Senior Staff Organization

3.7.1 General Manager

Appointment or termination of a General Manager must be approved by the Board. Salary reviews and performance evaluations are to be reviewed and approved by the Board. The General Manager may appoint and/or terminate a Club Manager subject to the approval of the Board and within Board imposed budgetary constraints. The General Manager will be in complete charge of all Club operations except those reserved to the respective boards and will have the authority to appoint and/or terminate staff as required within established budgetary constraints. The General Manager will report directly to the Club President. Salary reviews and performance evaluations are to be reviewed and approved by the Board.

3.7.2 Controller

The Controller will be responsible for all financial accounting for the Club. He/she will work in close coordination with the General Manager and the Treasurer of the Club and will report to the General Manager and/or to the Treasurer of the Club, as determined by the Board. Appointment or termination of the Controller must be approved by the Board. Salary reviews and performance evaluations are to be conducted by the General Manager and Treasurer and reviewed and approved by the Board.

3.7.3 Senior Real Estate Executive (Broker-in-Charge)

The Real Estate operation handled by Seabrook Island Realty, Inc. is a wholly owned subsidiary of the Club and will function under the policy direction of the Club Board of Governors. The Broker-in-Charge will be elected by its Board of Directors and report directly to such Board of Directors, but will also be functionally accountable to the President of the Club.

3.8 Conflict of Interest

No Officer, Governor or Committee Member of the Club shall directly or indirectly benefit financially from any transaction related to the Club.

ARTICLE IV - MEETINGS

4.1 Parliamentary Procedures

Robert's Rules of Order, as contained in Robert's Manual, shall govern the meetings of the Club and meetings of the Board; except when Robert's Rules conflict with these Bylaws, in which event these Bylaws shall govern.

4.2 Annual and Special Meetings of Members

Sometime between January and March of each calendar year, an Annual Meeting of members will be held. At this meeting new Board members will be elected and the Treasurer will present a report on the financial condition of the Club. The results of operations since the last previous report and other matters deemed of interest to the members will be discussed. A summary budget approved by the Board for the ensuing fiscal year will be published. The time and place of the Annual Meeting will be determined by the Board.

Special meetings of the members may be called by the President, a majority of the Board, or upon the written demand of the holders of at least five percent (5%) of the voting power of members entitled to vote.

A notice of special meeting will be mailed to each member at least thirty (30) days in advance of the special meeting date to identify the purpose or purposes for which the meeting is called. Business to be conducted at a special meeting will be limited to the identified purpose or purposes.

4.2.1 Notices

A notice of the Annual Meeting will be mailed to each member at least thirty (30) days in advance of the meeting date. Any Referendum ballot (ballot by mail without a meeting) will be mailed to each member at least thirty (30) days in advance of the latest date that returned ballots will be accepted. The Annual Meeting notice will contain the names of all nominees for election to the Board. The referendum ballot will also supply a description of all items on which the membership is being asked to vote.

4.2.2 Quorum

At any meeting of the membership, a quorum shall consist of members in good standing (i.e., not delinquent in the payment of any dues, assessments or other charges of any nature owed to the Club) present in person or by proxy entitled to cast fifty percent(50%) or more of the total eligible votes.

4.2.3 Voting

There will be no cumulative voting and no preemptive rights. Voting at any meeting may be in person or by proxy. Only Club members in good standing (i.e., not delinquent in the payment of any dues, assessments or other charges of any nature owed to the Club) are entitled to vote. The numbers of votes for each type of membership are shown below.

Membership Category	Votes per Category
Full	165
Bank Full Resident	110
Full Non Resident	110
Sports	110
Social	110
Tennis Resident	110
Tennis Non Resident	110
Social RE Resident	55
Social RE Non Resident	55
Rental	55
Charter Unimproved Lot	55
Unimproved Lot II/III/IV/V/VI	55
Corporate	165
Community	55
Community Unimproved Lot	15
Sustaining	15
Junior and Long-Term Tenant	None

4.2.4 Majority Required

Provided there is a quorum present either in person or by proxy, the simple majority of all votes cast on any issue will determine passage, except as set forth in Sections 3.2.1, 8.3.1 and 9.1 of the Bylaws, and in certain procedural matters as required by Robert's Rules of Order.

4.2.5 Record Date

For the purpose of determining members entitled to notice of or to vote at any meeting of members, or members entitled to receive any distribution, or in order to make a determination of members for any other proper purpose, the Board may fix in advance a future date as the record date. Such record date shall not be more than seventy days prior to the date on which the particular action requiring such determination of

members is to be taken. If no record date is so fixed by the Board for the determination of members entitled to notice of, or to vote at a meeting, the record date for determination of such members shall be at the close of business on:

- a) With respect to an annual member meeting or any special member meeting called by the Board or any person specifically authorized by the board or these bylaws to call a meeting, or any mailing of a Referendum in accordance with Section 4.2.6 below, five (5) business days before the first notice is delivered to members;
- b) With respect to a special member meeting demanded by the shareholders, the date the first member signs the demand;
- c) With respect to actions taken in writing without a meeting pursuant to Section 4.5 below, the date the first member signs a consent; and
- d) With respect to a distribution to members upon dissolution of the Club, the date the Board authorizes the distribution.

When a determination of members entitled to vote at any meeting of members has been made as provided in this section, such determination shall apply to any adjournment thereof unless the Board fixes a new record date, which it must do if the meeting is adjourned to a date more than 120 days after the date fixed for the original meeting.

4.2.6 Referendums, or Ballots By Mail Without a Meeting

Any action that may be taken at any annual, regular, or special meeting of members may be taken without a meeting if the Club delivers a written ballot to every member entitled to vote on the matter (sometimes referred to as a Referendum).

- a) A written ballot shall:
 1. set forth each proposed action; and
 2. provide an opportunity to vote for or against each proposed action.
- b) Approval by written ballot pursuant to this section is valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast the same as the number of votes cast by ballot.
- c) All solicitations for votes by written ballot shall:
 1. indicate the number of responses needed to meet the quorum requirements;
 2. state the percentage of approvals necessary to approve each matter other than election of directors; and
 3. specify the time by which a ballot must be received by the Club in order to be counted.
- d) Once received by the Club, a written ballot may not be revoked.

4.3 Board of Governors Meetings

4.3.1 General Board Procedures

The Board will meet at least quarterly at a time and place to be established by the Board. A minimum of one week's notice will be given Board members for a regular meeting. A majority of Board members present will constitute a quorum. It takes a majority of that quorum to constitute action of the Board, with the specific exceptions noted in Article III, Section 3.2.1 and Robert's Rules of Order. The prior practice of voting by proxy at Board of Governors meetings is prohibited.

4.3.2 Waiver of Notice

The transactions of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, provided: (a) a quorum is present; and (b) either before or after the meeting, each of the Governors not present signs a written waiver of notice, a

consent to hold the meeting or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any Governor who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

4.3.3 Conduct of Meetings and Telephonic Participation

The President, or in his absence the Vice President, will preside over all meetings of the Board, and the Secretary will keep a minute book of meetings of the Board, recording all resolutions adopted by the Board and all transactions and proceedings occurring at such meetings. One (1) or more Governors may participate in and vote during any regular or special meeting of the Board by telephone conference call, teleconference or similar communication arrangement, provided that all Governors participating can hear each other simultaneously during the meeting. Governors participating in such manner will be counted for quorum purposes. Any such meeting in which a quorum participates shall constitute a regular meeting of the Board.

4.4 Special Meetings of the Board

Special meetings of the Board can be called by the President or by any three (3) Board members. A notice, which identifies the subjects to be discussed, will be sent to all Governors at least two (2) days in advance of this type of meeting. The meeting will be limited to these subjects.

4.5 Action by Written Consent in Lieu of a Meeting

Action may be taken by the Board without a meeting if a unanimous written consent to such action is signed by each Governor and included in the corporate minutes. Action taken by written consent without a meeting is effective when the last Governor signs the consent.

4.6 Nominating Committee Meetings

The Nominating Committee will meet as many times as are necessary to accomplish its purpose as set forth in Section 3.4.2 (a) and (b) of these Bylaws. At any meeting of the Nominating Committee a quorum shall consist of four (4) members present. A vote of at least three (3) Nominating Committee members is required to constitute an action of the Nominating Committee.

ARTICLE V - MEMBERSHIPS

5.1 Types

There are various types of memberships in the Club. The Board of Governors has the right to assign maximums to any classification of membership, or to the total Club membership. The Board may also adjust privileges assigned to each membership classification. Eliminations, additions, or modifications of membership classifications also may be made by the Board. All members who rent their villas, homes, or condominiums, except for Sustaining and non-voting memberships, shall have the right to have their guests (renters) be permitted access to all Club amenities and facilities that are open to unaccompanied guests of members and pay the charges established for those facilities by the Board of Governors. In addition to holding a Club membership for the property, if any, designated as being primarily for personal use, a Club membership must also be held for each rental property for which renters are expected to be granted Club access privileges. For renters to use the Club's amenities, all renters must obtain an amenity card from the Club. Golf and tennis sign-up times for rental guests, as spelled out in the Rules and Regulations, will be determined by the Board after consultation with the General Manager. Guest privileges may be temporarily limited by the Board from time to time, such as for repairs, special events, emergencies, or other reasonable grounds, at the sole discretion of the Board. Notice of such temporary limitations will be given by the Club

in advance as soon as practical. The Board of Governors may not permanently limit guest privileges without a Referendum to amend the Bylaws in accordance with the provisions of Section 9.1 of this document. The Club has offered both refundable and nonrefundable Equity Fee (as hereinafter defined in Section 7.1) memberships. After December 31, 2005, refundable Equity Fee memberships are no longer available as new purchases, upgrades, or downgrades. Nonrefundable Equity Fee memberships are entitled to no refund of equity upon resignation except as may be specifically provided for in these Bylaws. Members holding refundable Equity Fee memberships will receive payment of the redeemable portion of their Equity Fee (the "Equity Fee Refund Amount") upon resignation from the Club in accordance with the provisions of Sections 5.5 and 7.1 of these Bylaws.

Refundable Equity Fee membership upgrade commitments made by the Club at the time of application to Charter Unimproved Lot members and to Unimproved Lot II, III, and VI members will continue to be honored so long as any such memberships remain. These commitments are noted below as part of the descriptions of the aforesaid memberships.

FULL - The Full Member will have unlimited use of the amenities and facilities of the Club. Full Members will have sign-up privileges to reserve golf tee times and tennis court times, as may be provided in the Rules and Regulations. They pay no greens or court fees but will pay established golf cart and other fees as established by the Board of Governors. This membership may be transferred through the Club to the purchaser of such member's property, according to procedures established by the Club. There will be a limited number of Full Memberships, which number is set by the Board. When this limit is reached, a waiting list will be established. Any person desiring to be placed on the waiting list for a Full Membership must already be a member in a lesser category. The refundable Equity Fee version of this membership is no longer offered. At such time as a refundable Equity Fee Full Nonresident member establishes residency in accordance with the definition in Section 5.3, the amenity and facility access privileges of said member will automatically revert to those of the Social membership. The member, at his/her option, may choose to upgrade his/her membership category to Full in accordance with the provisions of Section 5.4.

Should a member who has purchased the nonrefundable Equity Fee version of the Full membership choose to resign or downgrade this membership at any time within three years of having acquired said membership, the member will be entitled to a refund of the upgrade fee paid for such membership (not to exceed the fee differential between the Full membership and (1) that of the Entry Level membership in place at the time of purchase or (2) that of a membership held at the time of upgrade to Full membership or (3) that of a selected membership downgrade) on a declining basis -- 75% of the fee differential if the membership is downgraded or resigned within the first year after purchase; 50% of the fee differential within the second year after purchase; 25% within the third year after purchase; and zero at any time more than three years after purchasing the Full membership. The obligation to pay any such refunds will be placed at the bottom of the list of obligations to members awaiting payment of Equity Fee Refund Amounts or other refunds and paid at such time as funds come available as described in Section 5.5 relative to refundable Equity Fee memberships. First time purchases of the Full membership, or upgrades to Full Member from the Community Unimproved Lot, Community, or Social memberships, require that a membership higher in category than the Community Unimproved Lot membership be maintained for a minimum of seven (7) consecutive years unless downgraded in accordance with the provisions of these Bylaws.

BANK FULL RESIDENT – Other than having a different Equity Fee basis as hereinafter defined, the Bank Full Resident (previously referred to as Nations Bank Full Resident) Member has the same rights as a Full Member. This refundable Equity Fee membership is no longer offered.

SPORTS - This membership will entitle the member to unlimited use of the tennis facility and use of all other amenities and facilities of the Club. Sports Members will have sign-up privileges to reserve tennis court times as may be provided in the Rules and Regulations and will pay no court fees. The Sports Membership also includes fifty (50) rounds of golf annually at cart fees only. For the purposes of this and subsequent Sections of the Bylaws, a round of golf is defined as an 18-hole equivalent (e.g., playing nine holes twice is counted as one 18-hole equivalent). Any rounds in excess of 50 may be limited as set forth from time to time in the Rules and Regulations and require payment of appropriate fees as established by the Board of Governors. The sign-up time for golf is set forth in the Rules and Regulations. Should a Sports member choose to resign or downgrade this membership at any time within three years of having acquired said membership, the member will be entitled to a refund of the upgrade fee paid for such membership (not to exceed the fee differential between the Sports membership and (1) that of the Entry Level membership in place at the time of purchase or (2) that of a membership held at the time of upgrade to Sports membership or (3) that of a selected membership downgrade) on a declining basis -- 75% of the fee differential if the membership is downgraded or resigned within the first year after purchase; 50% of the fee differential within the second year after purchase; 25% within the third year after purchase; and zero at any time more than three years after purchasing the Sports membership. The obligation to pay any such refunds will be placed at the bottom of the list of obligations to members awaiting payment of Equity Fee Refund Amounts or other refunds and paid at such time as funds come available as described in Section 5.5 relative to refundable Equity Fee memberships. This membership is no longer offered to new members or as an upgrade or downgrade option.

SOCIAL - The Social Membership, is established as of January 1, 2007. The Social Membership is available to new members of the Club, as an upgrade to the Community Unimproved Lot, Community, Social RE, and Rental Memberships, as a lateral change for Full Nonresident, Sports, and Tennis members, and as a downgrade from the Full membership. This membership will entitle the member to unlimited use of the tennis facility and use of all other amenities and facilities of the Club. Social Members will have sign-up privileges to reserve tennis court times as may be provided in the Rules and Regulations and will pay no court fees. The Social Membership also includes twenty-five (25) rounds of golf annually at cart fees only. These rounds may be used by the member or a house guest (not a commercial [rental] guest or current Club member) of the member in accordance with Club Rules & Regulations. Any rounds in excess of 25 may be limited as set forth from time to time in the Rules and Regulations and require payment of appropriate fees as established by the Board of Governors. The sign-up time for golf is set forth in the Rules and Regulations. First time purchases of the Social membership, or upgrades to Social Member from the Community Unimproved Lot, or Community memberships, require that a membership higher in category than the Community Unimproved Lot membership be maintained for a minimum of seven (7) consecutive years unless downgraded in accordance with the provisions of these Bylaws.

TENNIS - This refundable Equity Fee membership is no longer offered. Club members holding this membership will be entitled to the same use of amenities and facilities of the Club as defined above for Sports members.

COMMUNITY – The Community (previously referred to as Entry Level) Membership is the Entry Level Class I (EL-I) membership established by the Club in conjunction with Section 40 of the Seabrook Island Property Owners Association Protective Covenants which became effective by amendment on January 1, 2005. The Community Membership is available to new members of the Club, as an upgrade to the Community Unimproved Lot Membership, and as a downgrade from the Full, Tennis, Social, and Sports

memberships. The Community Member has use of all amenities and facilities of the Club. A Community Membership permits a total number of 25 golf rounds and 40 tennis court hours per year, at appropriate fees as established by the Board of Governors. Based on availability, and at the sole discretion of the Board, the 25 round and 40 hour limitations may be exceeded. The Community Membership may at any time be upgraded to any other available higher category of membership by paying to the Club the difference between the then current cost of such Community Membership, and the then current cost for the higher category of membership. First time purchases of, or upgrades to, Community Membership require that the membership be maintained for a minimum of seven (7) consecutive years unless upgraded to a higher category of membership. The sign-up times for golf and tennis are set forth in the Rules and Regulations.

SOCIAL (RE) - This refundable Equity Fee membership is no longer offered. Club members holding this membership will be entitled to the same use of amenities and facilities of the Club as defined above for Community members.

RENTAL - This refundable Equity Fee membership is no longer offered. Club members holding this membership will be entitled to the same use of amenities and facilities of the Club as defined above for Community members.

SUSTAINING – Notwithstanding the above, any member may apply in writing for a Sustaining Membership any time after three (3) years of membership at a level of Community Membership or higher. A Sustaining Membership permits the use of only the Club food and beverage and gift and pro shop facilities. Access to other Club amenities and facilities requires the purchase of a daily amenity card and will be in accordance with the Rules and Regulations and at appropriate fees as established by the Board of Governors. A Sustaining member may not utilize Club amenities and facilities as a guest of another member. The combination of the Community Membership (or higher category) and the Sustaining Membership must be maintained for a minimum period of seven (7) consecutive years from the date of the member's initial Community Membership (or higher category) purchase or upgrade.

CHARTER UNIMPROVED LOT - This membership was available only during the initial offering to owners of unimproved lots. The Charter Unimproved Lot Member has use of all amenities and facilities of the Club. This membership permits golf and tennis usage per year, as determined in the Rules and Regulations, at appropriate fees as established by the Board of Governors. The Unimproved Lot Membership guarantees that the membership can be upgraded one time to any other available type of membership by paying the difference between the initial cost of the Unimproved Lot Membership and the cost of the new membership at the charter member price plus any capital assessments. This membership may be transferred through the Club to the purchaser of such member's property. No refund of the membership fee will be paid to the original member by the Club upon transfer of the Unimproved Lot Membership as described above. Once a structure is built on a lot with a Charter Unimproved Lot Membership, the membership must be converted to Community, upgraded or resigned within thirty (30) days following the owner's receipt of a Certificate of Occupancy. If the owner of an unimproved lot also owns a residence/villa, the owner must obtain a membership for the residence/villa in order to retain the Unimproved Lot Membership. An unimproved lot owner can sell his lot and keep the membership so that it can be upgraded later.

UNIMPROVED LOT II/III/IV/V/VI - These memberships are similar to the Charter Unimproved Lot Membership. The Unimproved Lot II/III/VI memberships guarantee that the membership can be upgraded

one time to any other available type of membership by paying the difference between the initial cost of the Unimproved Lot Membership II/III/VI (evidenced by the Application and Purchase Agreement) and the price of the desired (upgraded) membership at the time the Unimproved Lot Membership II/III/VI was purchased plus any capital assessments. Unimproved Lot Membership IV/V can be upgraded to any other available type of membership by paying the lesser of (1) the difference between the cost of the Unimproved Lot IV/V Membership and the then current price of the membership chosen when the upgrade occurs or (2) the then current upgrade fee that would apply to a Community Member choosing the same upgrade. In all other aspects, the owner of an Unimproved Lot Membership II/III/IV/V/VI has the same rights, privileges and responsibilities of the Charter Unimproved Lot Member. Once a structure is built on a lot with an Unimproved Lot Membership II/III/IV/V/VI, the membership must be converted to Community, upgraded or resigned within thirty (30) days following the owner's receipt of a Certificate of Occupancy. These memberships are no longer offered.

COMMUNITY UNIMPROVED LOT – The Community Unimproved Lot (previously referred to as Entry Level Unimproved Lot) Membership is the Entry Level Class 2 (EL-2) membership established by the Club in conjunction with Section 40 of the Seabrook Island Property Owners Association Protective Covenants which became effective by amendment on January 1, 2005. The Community Unimproved Lot Member has use of all amenities and facilities of the Club. This membership permits golf and tennis usage per year, in accordance with the Rules and Regulations and at appropriate fees as established by the Board of Governors. The price to upgrade to Community Membership shall be frozen at the discounted introductory Community Membership price as of the date of purchase of this membership, provided (1) said member was a Seabrook Island property owner on or before 31 May 2004, (2) such Community Unimproved Lot Membership purchase was made on or before 31 December 2004, and (3) such upgrade is purchased on or before 31 December 2007. Once a structure is built on a lot with a Community Unimproved Lot Membership, the membership must be upgraded to Community Member or a higher category within thirty (30) days following the owner's receipt of a Certificate of Occupancy.

LONG TERM TENANT - This membership is designed for persons renting a home or villa on Seabrook not covered by a regular Club membership. The term of the lease and membership must be at least 3 months. Long term tenants may purchase a membership for a minimum of three (3) months and up to twelve (12) months and have use of the amenities and facilities of the Club as a Full or Community member. This membership is subject to an annual application fee as established from time to time by the Board of Governors and to dues and minimums commensurate with the selected category. A Long Term Tenant Member has no equity in the Club and no voting rights.

CORPORATE - The Club shall offer a Corporate Membership Plan with only one category of membership - Full Resident. The Corporate Memberships shall be available to resident, non-resident and non-property owners by invitation only and is intended for the convenience of commercial entities (hereinafter referred to as "Corporation") not in competition with the Club or its subsidiaries. The Corporate Membership will include two persons; a named "designated" member and a named "alternate" member. Two additional "alternates" may be added by the payment of the prevailing equity, dues and food/beverage minimums for each person. All Corporate Members, whether "designated" or "alternate" will pay prevailing dues, food minimums and operating assessments. Capital Improvements Assessments will be based on the voting rights of the membership. The membership fee for a Corporate Membership shall be the same as for Full Resident. Each Corporate Membership will have voting rights equivalent to one Full Membership (regardless of the number of "alternates"). The "designated" member shall have the right to vote on Club issues. Spouses of

"designated" and "alternate" members will have the customary membership privileges. Other family members and guests will be subject to the Club's guest policies. Corporate Memberships shall be subject to renewal every five (5) years. If the Corporation resigns at any time or opts not to accept renewal, the Corporation and its "alternate" members shall be eligible to receive 80% of the prevailing Equity Fee as hereinafter defined. In the event the Club elects not to renew, the Corporation and its "alternate" members shall be entitled to the return of 100% of the actual Equity Fee they paid. In the event a Corporate Membership resigns or is not renewed by the Club, any individual "designated" or "alternate" member of that Corporation may continue his/her membership, as a regular member, by paying the prevailing equity, dues, assessments and minimums, subject to acceptance by the Club. Also, in the event an individual, who has been a "designated" or "alternate" member of the Corporate Membership is no longer employed by the Corporation, such individual may opt for continuing his/her membership as a regular member of the Club as provided for herein. A Corporate Member shall have the right to change, in writing, the identity of its "designated" and "alternate" members annually, or as needed, in the case of transfer, termination, retirement, etc. This membership is no longer offered.

EMERITUS - Voting members, except Unimproved Lot Members and Sustaining Members, who have attained the age of 80 and have maintained continuous membership in the Club for 10 years are eligible to request in writing and to receive Emeritus Status. An Emeritus Member pays dues at a rate of 50% of the prevailing dues for his or her class of membership but shall be responsible for 100% of all dining minimums and other charges normally levied on members of his/her class of membership. Emeritus Members shall be responsible for 100% of any assessments, whether operating or capital which may be instituted by the Board. Emeritus Members who hold refundable Equity Fee memberships may, at their option, satisfy their obligation with respect to dues or assessments, by means of a written request for a reduction of the refundable portion of the Equity Fee (as hereinafter defined) value of their membership. An Emeritus Member shall retain the voting rights of his/her class of membership so long as he/she has not exercised the equity reduction option at all, or, having exercised it, has not reduced the amount of his/her refundable Equity Fee to 50% or less of its present refundable Equity Fee value. Should the remaining refundable equity in such a membership be reduced to fifty percent or less of its present refundable value, then the voting rights of said membership shall be reduced to 50 percent of the number of votes currently allocated to said membership. If an Emeritus Member dies and the member's spouse is not qualified for Emeritus membership, the spouse will revert to single member dues for his/her class of membership

JUNIOR – This membership is a non-equity membership available to anyone under the age of forty (40) years of age who would otherwise be eligible for Club membership. A non-refundable application fee shall be charged, at a level to be determined by the Board of Governors. Annual dues and spending minimums shall be the same as those applicable to a regular member in the chosen membership category. Thirty (30) days after the attainment of the age of forty (40) years this membership automatically terminates and prior to this date the Junior member must upgrade to Community Membership or one of the other then available regular memberships. This membership is no longer offered.

As of January 1, 2006, a new "Junior" membership option is available to anyone under the age of forty (40) years. Having acquired a Community Membership, said member may elect Full or Sports member amenity and facility access privileges and defer payment of the membership upgrade fee for such election by agreeing to pay the same annual dues, fees, and spending minimums as members in the chosen category. Within thirty (30) days after the attainment of the age of forty (40) years by the member (either member in the case of family memberships), this membership will automatically revert to Community Membership unless the

member purchases an upgrade to any higher category membership then available at the upgrade fee then in effect. As the Sports Membership is no longer offered, Junior Members' higher category elections are now restricted to Full and Social.

5.2 **Eligibility**

Memberships are offered to residential property owners in the Town of Seabrook Island on the basis of one membership per unit or lot, provided, however, on or after January 1, 2005, most purchasers of property on Seabrook Island must purchase a membership, as more specifically provided in Section 5.2.1c of these Bylaws. In addition, the Board may approve Full memberships for persons who do not qualify as residential property owners in the Town of Seabrook Island, provided there is no property owner waiting list for Full memberships at that time. All memberships, including inherited memberships other than by a spouse, must be approved under procedures established by the Board.

The Board shall determine, at its absolute discretion, all questions concerning admission, membership category and family status of a member after first considering the best interests of the Club, the current number of members, the demand for memberships and individual circumstances. Specific decisions that may vary from the foregoing provisions of this Section shall not be taken as precedent that direct or limit future decisions.

5.2.1 **Admission of New Members**

Admission of new members will be in accordance with procedures and policies established by the Board from time to time and administered by the Membership Committee pursuant to the following:

- a) **APPLICATION** - Every person desiring membership in the Club must submit a completed and executed application for membership on a form provided by the Membership Manager together with a check in the amount of the membership fee, or the first installment on a deferred payment plan, currently being charged for the type of membership desired plus an application fee as set by the Board. The application will be deemed complete when all required information and fees have been submitted to the Membership Manager or the Membership Committee.
- b) **SELECTION** - The Membership Committee may meet, as needed, to review such applications.
- c) **SIPOA REQUIREMENT** - New property purchases on Seabrook Island on or after January 1, 2005, must comply with the revised covenants of the Seabrook Island Property Owners Association (SIPOA) requiring evidence of Club membership at closing for each property purchased unless the purchase is "grandfathered" under the provisions of such revised covenants.
- d) **WAITING LIST** – If an applicant has been accepted for membership but the type of membership applied for is not currently available, the minimum of a Community Membership must be purchased to meet the requirements of the SIPOA revised covenants for property purchased on or after January 1, 2005. The purchaser will then be put on a waiting list for the type of membership that was unavailable. The purchaser will be offered the membership for which he/she originally applied as it becomes available, according to his/her chronological position on the Waiting List, under procedures established by the Club.

5.3 **Residency Requirements**

RESIDENT – For the purpose of membership in the Club, a resident membership is one wherein the member, or a member of his/her family who resides full time with the member, is registered to vote in Charleston, Berkeley, Dorchester, or Colleton Counties of South Carolina, or whose legal residence is within the above counties. In addition, a member residing in any of the above counties for six months (183 days) or more in a given calendar year, or who has applied for and been granted South Carolina Legal

Residence Classification by one of the above counties, or who files a Federal or South Carolina income tax return using an address within the above counties, is also classified as a Resident Member, regardless of legal residence.

NONRESIDENT - A nonresident is any member not a resident, as defined above.

5.4 **Changes in Classification**

UPGRADING - A membership may be upgraded in type or dues category on written request of the member at any time with the approval of the Board. The upgrading member must pay the then existing differential in membership fees and additional pro rata annual dues. Upgrading cannot occur to a category in which membership is full nor to a category that is no longer offered except as may be specifically provided for in these Bylaws. For purposes of upgrading existing refundable Equity Fee memberships to higher categories of nonrefundable Equity Fee memberships, Nonresident Full and Tennis members will be considered as Sports members and subject to the upgrade charge that would then apply should a Sports member choose the same upgrade category. All Social RE, Rental, and Unimproved Lot IV and V members will be considered as Community members and subject to the same upgrade charge that would then apply should a Community member choose the same upgrade category. In lieu of cash payment, such refundable Equity Fee members who choose to upgrade to higher categories of nonrefundable Equity Fee memberships may apply all or part of the redeemable portion of their Equity Fee as hereinafter defined to the upgrade cost.

DOWNGRADING - A membership may be downgraded in dues category (and corresponding amenity and facility access privileges) on written request of the member by the beginning of the Club year, with the approval of the Board. Downgrading cannot occur to a category that is no longer offered except as may be specifically provided for in these Bylaws. Permissible downgrades in dues (and amenity and facility access privileges) categories include: Full to Social, Full to Community, Tennis to Community, Sports to Community, Full Nonresident to Community, Social to Community, and such other membership downgrades as the Board may deem permissible from time to time. For purposes of downgrades, Bank Full Resident Members will be considered as Full Members. Having chosen a downgraded membership, said member must wait a minimum of one year before requesting a reinstatement to his or her former membership category.

In the event of such reinstatement, the member will again be responsible for all dues and fees associated with the higher membership category, but will not be charged an upgrade fee unless a portion of the equity has been refunded to the member. Upon downgrading to a lower dues category, a member may, at his or her option, also elect to reduce his or her voting rights to those of the lower dues classification upon the effective date of the downgrade. Should said member at a later date request a reinstatement of his or her former higher level classification, his or her voting rights will be restored to that of the higher classification.

5.5 **Transfer of Membership/Resignation**

Memberships may be transferred by a member only back to the Club, except for Full Memberships, as specifically referenced above. This process is initiated by the member submitting written notice of resignation. A member who is no longer a property owner at Seabrook Island may at any time, at his/her option, resign his/her membership. Except for unimproved lot members' transfers, as described in Section 5.1, the Club will, according to the procedures established by the Club, pay to the resigning member the redeemable portion of any refundable Equity Fee membership (Equity Fee Refund Amount) in accordance with the provisions of Section 7.1. Payment will be made, in the order that such requests for resignation are received, when the portion of new membership Equity Fees received by the Club (and allocated to retirement of outstanding equity obligations in accordance with Section 7.1) are equal to or exceed the

amount payable to resigned and or deceased members requesting such payment by the Club, in writing. Resigned and deceased members will be refunded on a first resigned, first refunded basis. At the time of resignation, such refundable Equity Fee members will sign a Letter of Agreement and therein select one of two options regarding the use of Club facilities:

Option 1. The resigned member will forfeit all further use of Club facilities, be relieved from any further payment of Club dues, and acknowledge that at no time will Club facilities be used by the member after the date of resignation. Or,

Option 2. The resigned member will continue to use Club facilities and pay membership dues including any and all operating assessments until such time as reimbursement of membership equity is paid in compliance with the Bylaws or until such time as the member submits a letter stating a date certain when use of Club facilities will cease. Such resigned members shall have such rights for a maximum period of two (2) years from the original date of resignation, or another time period established by the Board. In the event the member is offered reimbursement of the current equity value but refuses payment and wishes to continue using Club facilities, as specified by Club Bylaws, the member will be moved to the end of the list of resigned members awaiting reimbursement.

If, at any time while awaiting payment of the redeemable portion of a refundable Equity Fee membership, the resigned member should choose to retract his or her resignation and reinstate his or her membership, or, having exercised option 2 above chooses to remain a dues paying member and be moved to the end of the repayment list of resigned members, said member will immediately be responsible for any capital assessment which may have occurred between the date of resignation and the date of reinstatement or movement to the bottom of the list.

No membership may be otherwise pledged, assigned, hypothecated, encumbered, or transferred in any way for any purpose except that a membership may be pledged to an institutional lender to secure financing for the initial membership contribution paid for the membership, provided the membership secures no more than the amount of the membership contribution paid by the member to the Club.

5.5.1 Death

Upon the death of a member, the membership automatically passes to the surviving spouse. If there is no surviving spouse, an heir shall have the right, to acquire the same membership without paying any additional fees, provided the membership in question is a refundable Equity Fee membership and any amount by which the membership's equity may have been reduced is restored. If an heir does not acquire the membership within 180 days of the member's death the Club may, at its option, consider that such membership has been resigned, and the Club may then resell the membership. Until such time as notice of the resignation of any membership is communicated in writing to the Club, or the Club makes a determination that the membership is to be considered resigned, the spouse or estate will be responsible for all dues, fees, and other charges to the member's account. If the resigned membership is a refundable Equity Fee membership, then the membership will be redeemed in accordance with the provisions of Section 7.1, and such redemption will be paid to the estate when new membership Equity Fees received by the Club (and allocated to retirement of outstanding equity obligations in accordance with Section 7.1) are equal to or exceed the amount payable to resigned and deceased members. Such payment will be made on a first resigned, first refunded basis.

5.5.2 Divorce or Separation

In the event married members are legally separated or divorced, title to the membership shall vest with the spouse awarded or retaining the membership. Both spouses will be liable for dues until the Club, through the Membership Manager, is advised in writing, with supporting documentation such as a divorce decree, which spouse is to retain the membership.

5.5.3 Transfer of Membership to Immediate Family

Subject to Board approval, a membership may be transferred to an immediate family member upon payment of a Transfer Fee, which will be established from time to time by the Board, provided the membership in question is a refundable Equity Fee membership and any amount by which the membership's equity may have been reduced is restored.

5.6 Single Members

A member who is the only person in a household, regardless of marital status, and who holds a Full, Sports, Social, Tennis, Social RE, Rental, or Community membership may request single membership dues. The annual dues for single members will be two-thirds of the normal dues for the type of membership involved.

5.7 Initial Purchase

A membership may be purchased in a higher category than initially needed and dues paid in a lower category. The member can use the Club facilities in the lower category and later transfer to the higher category, on written request, by paying only the appropriate additional dues due at the time of transfer. Future changes will then be subject to normal upgrade/downgrade procedures.

5.8 Complimentary Memberships

For the benefit of the Club, additional Complimentary Memberships may be granted by the Board, for any term determined by the Board.

5.9 Multiple or Entity Ownership of a Single Property

Memberships may not be owned by an entity such as a corporation, partnership, limited liability corporation, or other form of multiple ownership. In this category of property ownership, one owner must be the "Designated" member. The membership fee and annual family dues for the "Designated" member will be based on the available membership and dues categories selected. Other multiple owners may become "Alternate" family members in the same dues category as that of the "Designated" member. The dues rate for the "Designated" member will be increased by fifty percent (50%) for one "Alternate" member, or by one hundred percent for two or more "Alternate" members. No additional joining fees or restaurant minimums will be required of the "Alternate" member(s). Each "Alternate" member will be issued a Club membership card and will have the same amenity and facility access privileges as the "Designated" member. Only the "Designated" member will have voting rights. Multiple Owners or Owners of an Entity who do not become "Designated" or "Alternate" members will be considered guests and subject to the Club's guest policy. Limitations on "Alternate" memberships may be set by the Board of Governors. The "Designated" member will be liable for all financial obligations of the "Alternate" member(s). The "Designated" membership is non-transferable. Should the "Designated" member resign or cease participation in the multiple or entity ownership of the property, then all "Designated" and "Alternate" memberships shall be considered resigned until such time as a new "Designated" membership is purchased. For the purposes of this Section 5.9, participants in a family trust established as a bona fide estate plan who are not primary users of the entity-owned property shall not be considered as holding an ownership interest in the entity-owned property.

5.10 Inactive Members

Certain members who wish to become inactive for at least 12 consecutive months may apply to the Board for inactive status. Such member must request this change in classification in writing to the Board. This request must be renewed to the Board annually for periods beyond the first 12 months. The inactive member will not be required to pay dues or minimums but will be charged an administrative fee and would be responsible for any capital assessments prior to reactivating their membership. During inactive status he or she may not use any of the Club facilities (except as a guest of a member). Inactive status is available to any refundable Equity Fee member and to those non-refundable Equity Fee members who have held a membership higher in category than the Community Unimproved Lot membership for a minimum of seven (7) consecutive years unless downgraded in accordance with the provisions of these Bylaws.

5.11 Non-Members Use of the Club

Except as otherwise approved by the Board, no one other than members and their immediate families and guests may use the Club's facilities. Club employees may also use the facilities subject to the approval of their department head.

5.12 Members

A membership allows the use of the facilities by the members themselves, as designated on the Club application form as filed or amended, and unmarried children under age 23 and parents or grandparents over the age of 70 who are residing in the member's household. Other adult children or parents of the member who are between the ages of 23 and 70 and who reside in the member's household may also become "Alternate" members but in a category no higher than that of the "Designated" member. No membership fee will be required of the Alternate member(s), but such member(s) will pay annual dues, fees, and minimums for the category selected and will have the amenity and facility access privileges of the selected membership category.

5.13 Guests

The Club Rules and Regulations define the various types of categories of guests and set forth the provisions governing their use of the Club facilities, including payment procedures and applicable restrictions. The Board has the authority to impose such restrictions on guest use of the Club facilities, as they deem necessary.

5.14 Tenants

A member may designate a long-term tenant (minimum term of six months) as the user of the membership subject to Board approval. An owner must have a membership for each unit for which a user is designated. The owner may not use the membership during any period for which the member has designated a tenant as a user of the membership. The member will continue to be solely responsible for the payment of dues and applicable assessments, and also for charges of the user, if not paid by the user on a timely basis.

ARTICLE VI - ENFORCEMENT

6.1 General

The Board may, at any time, levy such sanctions as it deems reasonable and appropriate, including reprimands, fines, partial restriction of use privileges, and full suspension of membership or expulsion, against any member for cause. "Cause" shall include without limitation: (a) nonpayment of any sums due (including

any dues, fees, assessments or charges incurred by family members or guests) for a period in excess of thirty (30) days after such sums were due to be paid by the member to the Club; (b) conviction of a felony; (c) determination subsequent to membership that the member failed to meet eligibility requirements or submitted false information on the application for membership; or (d) acts by a member, his or her family, or guests which the Board determines to be detrimental to the best interests of the Club, including, without limitation, conduct violating the Rules and Regulations of the Club or conduct likely to endanger the welfare, safety, harmony or good reputation of the Club or its members.

Suspension is a time limited deprivation of all Club privileges. Restriction is a time limited deprivation of selected Club privileges. The failure of the Board to enforce any provision of the Bylaws or Regulations shall not be deemed a waiver of the right of the Board to do so thereafter.

6.2 Appeal Procedures

6.2.1 Authority of Board

Except as authorized below to the General Manager, no member shall be restricted, suspended or expelled without a hearing before the Board (or other committee as may be designated by the Board), which shall be conducted upon no less than ten (10) days' notice in writing to the member. The notice shall state the charges for restriction, suspension or expulsion and the time and place of the hearing. The rights and privileges of the member may, in the discretion of the Board, be restricted or suspended from the date of such notice until final disposition of the matter. Such member shall have the right to be present at the hearing and may elect to be heard orally or in writing. After conducting the hearing on the matter, the Board or its designee will privately consider the charges and the relevant evidence and will make a decision within (10) days thereafter as to the sanction, if any, to be imposed. The member shall be notified immediately of the action of the Board or its designee and the sanction, if any, to be imposed.

6.2.2 Authority of General Manager

The Club General Manager or his/her senior representative on duty may immediately restrict the privileges of a member, family member, or guest of a member for a period of 24 hours when, in his/her sole discretion, he/she determines that such person's conduct, if repeated, would pose a threat to the welfare and/or safety of the Club and its members, or that the time period involved in complying with the hearing procedure set forth above would render such a procedure ineffective in addressing or preventing a recurrence of the person's conduct within that time period. The General Manager will, at the earliest possible time, report the incident/infraction to the Board and outline the action he/she has taken. The Board or its designee shall promptly review the facts surrounding the Club General Manager's decision and determine the appropriateness of the restriction or if further disciplinary action is necessary.

6.3 Effects of Expulsion, Suspension and Restriction

6.3.1 Expulsion

Any member who has been expelled shall immediately and automatically forfeit all membership privileges and shall thereafter have no right or privileges in the Club unless and until he or she: has been reinstated upon written application to the Membership Committee; has received unanimous approval by the Membership Committee; and has received the consent of the Board. No application for reinstatement of an expelled member will be considered by the Membership Committee within twelve (12) months of the date of the decision to expel such member. No member will be reinstated until all past due membership dues, assessments, and charges, including those for the period between the date of expulsion and the date of reinstatement, are paid in full.

6.3.2 Suspension or Restriction

A member who has been suspended or restricted shall immediately be deprived of all or specified membership privileges, respectively, for a period to be determined by the Board. Upon lifting of suspension or restriction, all membership privileges will be restored.

6.3.3 Effect on Family Privileges

Restriction, suspension or expulsion of a member shall automatically operate to restrict, suspend, or terminate, respectively, the rights and privileges of the member's family. However, at the Board's option, such restriction, suspension, or expulsion may be limited to the offending member only.

6.3.4 Dues, Fees and Charges

No member shall on account of expulsion, suspension or restriction be entitled to any refund of any membership fee, membership dues, or any other fees or charges. During restriction or suspension, dues, fees and other charges will continue to accrue and must be paid in full prior to reinstatement as a member in good standing.

6.3.5 Resignation in Lieu of Sanction

Should a member request resignation in lieu of suspension or restriction, and receive approval of the Board, the rules applicable to resignation, as described in Section 5.5, will apply with the exception that in this case, the member will not have use of any of the Club facilities and will not receive a rebate of any unused dues. Prior to approval of such resignation all dues, fees, assessments and other charges must be paid in full to the Club and may be deducted from any applicable membership fee to be reimbursed to the resigned member.

ARTICLE VII - DUES and FEES

7.1 Procedures for Establishment and Payment of Dues and Fees

The Board will set the dues and fees annually. By December 31 annually, these dues and fees will have been determined and notice will then be given to all members. Dues, plus any applicable taxes, will be due and payable annually, in advance, at the beginning of each membership (calendar) year. The Board of Governors, however, may elect to stagger payments from time to time. New members, upon admission, will pay dues pro rata on the basis of the number of months remaining in the Club's membership year, including the month of acceptance. Any fees or changes in fees will be applied prospectively to new member applications and upgrades or downgrades. Charges and fees are due and payable as they are incurred and billed. Delinquent accounts will be subject to a reasonable service charge as established from time to time by the Board.

The membership fees for each available class of membership are to be set annually by the Board and, where applicable, may consist of a nonrefundable application fee and/or a fee to purchase equity in the Club (Equity Fee). The mandatory base Equity Fees for Community Membership, Community Unimproved Lot Membership, and the mandated upgrade from Community Unimproved Lot to Community are capital contributions for the purpose of purchasing equity in the Club. If at the time of receipt of such capital contributions there are any outstanding equity return obligations, the Club will commit a minimum of fifty percent (50%) of all such capital contributions received toward the retirement of any such obligations.

For the purpose of redemption of a resigned refundable Equity Fee membership, the Equity Fee Refund Amount to be returned to the member will be computed as eighty percent (80%) of the difference between the total joining fee (application fee plus Equity Fee) had the member resigned from the Club on December 31, 2005, and the actual application fee paid by the member, less any amounts owed by the member to the Club for dues, fees, assessments, finance charges, or charges of any other nature. For purposes of this Section, the total joining fees for refundable memberships as of December 31, 2005, are as follows:

Refundable Membership Category	Total Joining Fee 12/31/05
Full Resident	\$ 31,000
Bank Full Resident	18,617
Full Nonresident	23,770
Tennis Resident	20,160
Tennis Nonresident	16,550
Social RE Resident	13,800
Social RE Nonresident	11,955
Rental	13,800
Unimproved Lot	10,300
Corporate	31,000

ARTICLE VIII - MISCELLANEOUS

8.1 Assessments

It is not anticipated that special assessments will be required. However, members are responsible for the economic health of the Club and if assessments are considered necessary, the following limitations will apply: CAPITAL IMPROVEMENTS - Any assessments for capital improvements, including principal and interest payments on funds borrowed for such improvements, must be approved by the Board of Governors and by a majority of votes cast by the members entitled to cast votes. This approval may be determined either by vote at the Annual Meeting or by special referendum. Assessments will be apportioned to all members in accordance with the applicable membership votes as set forth in Section 4.2.3.

OPERATING EXPENSES - Any assessment over \$1000 per full membership, per year for operating funds must be approved by the Board of Governors and by the majority of the votes cast by members entitled to cast votes. This approval may be determined either by vote at the Annual meeting or by special referendum.

Assessments will be apportioned to all members in accordance with the then current dues structure.

All assessments for either Capital Improvements or Operating Expenses shall be due and payable by all members who are members as of the date such assessments are approved, or at a later date established by the Board. Such assessments shall be due and payable based on the number of days during the calendar year such assessments are approved that such members are members of the Club. At the option of the Club, such assessments may be deducted by the Club from payments due from the Club to such members because of the death or resignation of any of such members.

8.2 Conflict between Bylaws and Articles of Incorporation

In the event of a conflict between the terms of these Bylaws and the Articles of Incorporation, the latter will prevail.

8.3 Dissolution or Liquidation

8.3.1 Approval

The Club may be dissolved upon approval of the Board and the affirmative vote of at least two-thirds (2/3) of the total votes cast by the members entitled to cast votes at any meeting for which written notice has been mailed to each member. Such notice shall state the purpose of the proposed meeting.

8.3.2 Liquidation

In the event of the sale, dissolution, liquidation, final termination or the winding up of the Club, all assets shall be sold or disposed of by the Board and the proceeds distributed in the following order to the extent proceeds are available:

- a) All debts and other obligations of the Club shall be paid.
- b) All memberships, both "refundable Equity Fee " and "non-refundable Equity Fee," shall be retired by the distribution of the remaining proceeds. Refundable Equity Fee memberships have priority in any distribution in that they shall have the option of receiving a distribution based on two different methods of calculation. First, a refundable Equity Fee member may receive an amount that he would have received had he resigned from the Club; or, if funds are not available for full distribution, then distribution will be upon a reduced percentage to each refundable Equity Fee member based on his applicable membership votes compared to the total of membership votes of all other refundable Equity Fee members in good standing. Second, a refundable Equity Fee member not choosing the first option, as well as all non- refundable Equity Fee members, may receive, after deducting the amounts, if any, distributed to refundable Equity Fee members choosing the first option, an amount equal to his/her applicable membership votes compared to the total of membership votes of all other members in good standing.

8.4 **Fiscal Year**

The fiscal year shall commence January 1 and conclude December 31.

8.5 **Membership Year**

The membership year shall commence January 1 and conclude the December 31.

ARTICLE IX - AMENDMENTS

9.1 **Procedures to Amend**

The Board is empowered to amend the Bylaws to make non-material or minor changes so long as such amendments have no material adverse effect on the rights of the members (i.e. non-substantive changes or amendments). Such Bylaws amendments may be approved by a simple majority of Board members. Material amendments to the Bylaws may be made at the annual meeting of the Club or at any special meeting called for such purpose by two-thirds (2/3) of the total votes cast by the members entitled to cast votes, provided:

- a) there is a quorum present;
- b) notice of the proposed action shall have been posted by mail at least thirty (30) days before the meeting and a copy of such proposal shall have been included with a notice of the meeting and mailed to each member; and
- c) such proposal has either been approved by the Board of Governors, or subscribed to by members holding at least ten (10) percent of the total vote. Votes on material amendments where a vote is required by the membership may also be accomplished by Referendum, or ballot by mail, in which at least 50% of the total eligible votes are cast and at least two-thirds (2/3) of the eligible votes cast vote in favor of the amendment.

Notwithstanding anything to the contrary in these Bylaws, no amendment to these Bylaws shall be adopted by the Club that adversely affects the rights of Members holding Refundable Equity Fee memberships to receive the Equity Fee Refund Amount upon resignation from the Club pursuant to Sections 5.5 and 7.1 of these Bylaws or any other applicable provision, unless such amendment is approved by a majority of the Members holding Refundable Equity Fee memberships that are entitled to vote. Notwithstanding anything to the contrary in these Bylaws, no amendment to these Bylaws shall be adopted by the Club that changes the votes allocated by membership category in Section 4.2.3. of these Bylaws, unless such amendment is approved by a majority of the Members in said membership category that are entitled to vote.