

BY-LAWS OF DEEP SPRINGS COUNTRY CLUB, INC.

ARTICLE I

CORPORATE NAME AND OBJECTS

Deep Springs Country Club, Inc. is incorporated and organized under and by virtue of the laws of the State of North Carolina, with its main office in Madison, Rockingham County, North Carolina; that it is a non-profit organization created for the purpose of providing and maintaining a golf course, tennis courts, swimming pool and other associated club facilities for its members and guests, and to provide them a convenient, adequate and suitable place for their enjoyment, recreation and amusement.

ARTICLE II

MEMBERSHIP ELIGIBILITY

SECTION I: Number-

The memberships of the corporation is limited to five hundred (500) memberships as may be designated by the Board of Directors.

SECTION II: Types of Memberships

- (a) Resident Memberships are those held by members in good standing who reside within forty (40) miles of nearest driving distance to Deep Springs Country Club. Such members may or may not own a lot or lots at Deep Springs. (Driving distance as herein and hereafter referred to shall mean the shortest or nearest driving distance from the club facility to the potential member's residence to be determined by the Board of Directors.)
- (b) Non-Resident Memberships are those held by members in good standing who reside over forty (40) miles driving distance from Deep Springs Country Club. For any change in resident status to become effective written notice must be made to the Board of Directors of the Club.
 - 1) Non-Resident shall pay monthly dues to be set by the Board of Directors.
 - 2) Members in good standing as of March 31, 1989 that lived over twenty (20) miles driving distance from Deep Springs Country Club will be considered Non-Resident members.
 - 3) Members in good standing as of March 31, 1989 that lived over forty (40) miles driving distance from Deep Springs Country Club will be considered a special class Non-Resident member and shall pay Monthly dues to be set by the Board of Directors.
 - 4) Non-Resident over two hundred (200) miles is a special membership to be offered to a member in good standing who moves more than two hundred (200) miles from Deep Springs Country Club. Dues shall be paid annually and set by the Board of Directors.
- (c) Youth Memberships are available to approved applicants who have not reached the age of thirty (30) years. Dues for youth memberships shall be set by the Board of Directors.

Upon reaching age 30, the difference must be paid between current junior membership and current regular membership fees.

- (d) Social Memberships are available to approved applicants. The membership cannot be sold back to the Club upon resignation, and cannot be sold to an individual. There is no refund with this membership. The Social Membership includes Clubhouse activities, pool and tennis privileges. Golf is permitted, but requires the payment of green and cart fees.
- (e) Golden Senior Memberships are available to those full participating members who have been members in good standing for at least fifteen (15) years and are seventy (70) years of age or older. The monthly dues for this membership will be seventy-five (75) percent of the normal dues for resident members. This is a full participating membership.

SECTION III: Application and Approval

- (a) Any person desiring membership in the club must take application in the manner currently required by the Board of Directors. No person shall have the rights or privileges of membership until he has been approved for membership as outlined below.
- (b) No transfer or real property will be construed to automatically convey membership upon the purchaser. Ownership of property within the bounds of Deep Springs Country Club is neither contingent upon nor tantamount to membership in the club.
- (c) General Procedures for approval
 - 1) Proper completion of the currently required application form and submission of that form to the Membership Committee chairman with whatever payment is required.
 - 2) Posting of each applicant's name in prominent place in the clubhouse so that each member may be aware of all applicants and have an opportunity to express his opinion of any applicant in confidence to the Club President or Membership Chairman.
 - 3) Unanimous approval of each applicant by the Membership Chairman, President, Vice-President, Secretary and Treasurer of the Club. If such approval is not obtained, then the application is referred to the full Board of Directors where the approval of two-thirds of the directors will constitute acceptance of the application.

SECTION IV: Cost of Membership and Lots- The cost of the club owned memberships and lots as well as the terms or schedule of be established by a three-fourths (3/4) majority of the Board of Directors.

SECTION V: Voting Privilege- All members who are currently in good standing has one vote per membership for which they are paying dues.

SECTION VI: Use of Facilities of the club shall be available only to members in good standing of the corporation, their immediate family and their guests. "Immediate Family" is defined to include only the spouse of a members and any child under age twenty-two (22) years, or unmarried, dependent child still acquiring his/her education to the age of twenty-six (26) years.

ARTICLE III

RESIGNATION, SUSPENSION, EXPLUSION AND REINSTATMENT

SECTION I: Any member may resign from the corporation by a notice in writing to the Board of Directors, signed by the member, indicating his/her desire to resign. Until the effective date of such resignation, the resigning member shall continue to have the status of a member of the corporation and be liable and responsible for payment of all dues and charges that shall accrue to the date of resignation.

SECTION II: Suspension for Non-payment- If payment of any fees, dues or charges shall not have been made by the last day of the month of billing, members will be notified his/her account is delinquent and will be given ten (10) days to pay the past due portion of the bill, otherwise his/her name will be posted on various bulletin boards of the club. If the account is not made current by the last day of the second month, the member will automatically be suspended and all charge privileges will cease. Notification of suspension will be made in writing. And member suspended for non-payment of fees, dues, or other charges may be reinstated at any time within ninety (90) days thereafter by the payment of all charges in arrears, including dues for the period of suspension. If charges in arrears are not paid within the ninety (90) day period, the membership is permanently forfeited and legal action will be taken to collect the indebtedness. A late fee of 1-1 ½ percent (%) per month will be added to all accounts over 60 days past due.

SECTION III: Conduct of Members- In case of any infraction of a by-law or rule of this club, or of any conduct on the part of any member within the club which, in the opinion of a majority of the Board of Directors, may tend to endanger the good name, order, character or welfare of the club, or to render such member unfit or undesirable as a member thereof, the Board of Directors may expel or suspend the offending member or impose such fine or other penalty as may be deemed fitting by the board.

If a member is suspended and enters the clubhouse or grounds for the purpose of using the facilities during the period of suspension, he/she shall automatically forfeit his/her membership and be entitled to no further rights, duties or privileges as may pertain thereto.

Any member threatened with expulsion or suspension shall be duly informed in writing of the nature of the charges brought against him/her and he/she shall have the right to be heard before the Board of Directors and before any vote is taken by such board. The notice of the charge shall be mailed to such member by registered mail and the member shall have ten (10) days after the receipt of the charges to answer the charges and demand a hearing. Failure to file an answer or ask to be heard and appear before the board shall be deemed a waiver of any right hereunder unless such member shall thereafter present such proof as to be, in the opinion of the Board, sufficient excuse for his/her failure to be permitted to file his/her answer to be heard on the merits as such time as may be set by the Board.

SECTION IV: Reinstatement of Membership- Any member who has resigned or been expelled from the corporation may thereafter make application to the Board of Directors for reinstatement. Upon approval by the Board, the applicant will be reinstated upon payment of the sum of all dues such member would have incurred from the date of resignation or expulsion to the date of reinstatement up to twenty-four (24) months dues, or the sum of one hundred dollars (\$100) whichever is greater. If the membership is closed at the time of such application for reinstatement, the, once approved, the applicant's name will be placed on the approved waiting list until a vacancy occurs. The sum to be paid upon such reinstatement will be computed as of the date of approval and not the date actual membership is restored.

ARTICLE IV

DISPOSITION OF MEMBERSHIP AND TRANSFER OF LOT

SECTION I: Disposition of Membership

- A) All transfers of memberships will be made by the club. No transfer may be made directly by a member
- B) An availability list will be maintained by the club based on the date of receipt of written notification by the board that the owner desires to resign his membership effective at the end of the current month, and that he wished his membership certificate be placed on the availability list. When a new membership certificate is issued and providing the club has a full membership the resigning member at the top of the list shall receive the current established price of membership less a transfer fee of \$500.00 and less any bills owned the club.
- C) Immediate Family Transfer- If a resigning member is having his membership replaced by a member of his immediate family, the price of a new certificate shall be considered \$0.00, and the transfer fee shall be only the legal cost incurred for issuance of the new certificate. An immediate family member is a parent, child or grandchild.
- D) Membership Replacement Buyer- If an applicant for membership specifies on his application that he wishes to purchase a membership to replace the membership of a specified resigning member, and applicant is approved for membership, then the resigning member would be placed at the top of the availability list.
- E) Active Members with Multiple Membership Certificates- If a member with multiple memberships has one membership active and in good standing, he may place any number of his memberships on the Availability list, at which point they would be treated as a resigned membership and a \$500.00 transfer fee to be charged.
- F) Inactive Members-An inactive membership must be made current by payment of back dues to a maximum of the preceding twenty-four (24) months before it can be resigned and placed on the Availability list
- G) \$700.00 Memberships- A \$700.00 membership will be treated as any other membership. The return which a resigned member will receive when a replacement membership is purchased will be \$200 less any bills owned the club.
- H) \$600.00 Memberships- There shall be a \$500.00 voting membership. This membership will not receive any return upon resignation.
- I) In addition to the above- described memberships, the Board shall have the authority to create such other memberships, as it may seem advisable.

SECTION II: Transfer of Lot- An owner may transfer a lot and improvements thereon. At all times, the club reserves the right of first refusal and further insists that all other deed requirements regarding transfer be met.

SECTION III: Architectural Requirements- The board will appoint a committee to review and approve the blueprints, plans, and specifications for any edifice proposed for construction on property sold by the corporation. Such approval must be had before construction is commenced, and any subsequent purchaser of a parcel of land originally sold by the club is bound by the provision. Minimum requirements for beauty and desirability shall be made available to anyone planning such construction. If submitted blueprints, plans and specifications do not, in the responsible opinion of the committee, meet such minimum requirements then new blueprints, plans and specifications must be submitted.

SECTION IV: Transfer on Death of a Member- Upon the death of a member- the surviving spouse shall succeed to the deceased member's interest in the membership certificate of this corporation. The surviving spouse upon notification to the Board of Directors and surrender of the membership certificate properly endorsed for transfer, shall be entitled to have a membership certificate issued in his/her own name.

Upon the death of the owner of a transferable membership, without spouse surviving, the membership shall be immediately transferred to a member of the immediate family or this corporation. The corporation will then be required to sell the certificate to the next new member admitted to membership. Out of funds received by the corporation from such sale, the deceased member's estate shall be reimbursed the amount originally paid the corporation for such membership certificate; less any outstanding obligations owed the club by the deceased member, less the transfer fee of \$500.00.

ARTICLE V

DUES, RULES, REGULATIONS AND GUESTS

SECTION I: Dues- The amount of dues to be paid to the corporation by members shall be payable monthly, quarterly or annually as desired by each member, but the amount and time of payment thereof may from time to time be changed by a three-fourths (3/4) majority of the Board of Directors.

SECTION II: Rules and Regulations- Rules and regulations with respect to the use by any person of the facilities of the corporation and club privileges shall be established and may, from time to time be changed, altered or amended by the Board of Directors.

SECTION III: Notice and Effective Date- Any act of the Board of Directors with respect to the establishment or change of the amount of dues payable or the time for payment thereof, or of any rule or regulation, unless a later date shall be contained in the resolution of the Board of Directors, shall become effective as of the time of posting of notice thereof on the bulletin board to be maintained for such purpose on the premises of the corporation.

SECTION IV: Guest- Subject to the limitations of these by-laws, rules and regulations with respect to the use of the facilities of the corporation by guest of members shall be established and may, from time to time be changed, altered or amended by the Board of Directors.

ARTICLE VI

MEETING OF MEMBERS

SECTION I: Annual Meetings- The annual meetings of the members for the transaction of business as may properly come before the meeting will be held at 7:00 P.M. on the third Monday

in February of each year, or at such other time and day as maybe designated by the Board of Directors.

SECTION II: Quorum- The presence in person or by proxy of twenty-five percent (25%) of the members entitled to vote at the meeting shall be necessary to constitute a quorum for the transaction of business. In the absence of a quorum, a majority of the members entitled to then present in person or by proxy, may adjourn the meeting from time to time until a quorum is attained.

SECTION III: Voting- At each meeting of members every member entitled to vote shall be entitled to one vote and all questions, except as otherwise provided by General Statute of the state of North Carolina, by these by-laws, or by the Charter of the corporation, shall be decided by a simple majority of the votes cast. Any member is entitled to vote by proxy, providing that the instrument authorizing such proxy to act shall have been executed in writing by the member or the member's duly authorized attorney. **CUMULATIVE VOTING FOR DIRECTORS SHALL NOT BE PERMITTED.**

SECTION IV: Assessments- No assessments shall be levied upon the membership unless the same shall have been authorized by the affirmative vote of two-thirds (2/3) majority of the members of this corporation.

ARTICLE VII

BOARD OF DIRECTORS

SECTION I: General Powers- The property, affairs and business of this corporation shall be managed by the Board of Directors.

SECTION II: Number, Term of Office and Qualifications

- (a) The Board of Directors shall consist of twelve (12) members, six of whom must be property owners in good standing and six of whom may be non-property owners in good standing. Should a member resign, or be removed for cause, the next highest vote getter shall be asked to serve out such member's unexpired term. Directors shall be elected for a term of three (3) years with four (4) directors standing down and four (4) directors chosen each year. No restriction made against a director being re-elected, but the advice of the Board is that this not be done so that more club members may take part in their club management. This resolution is made with the purpose of providing both continuity and change.
- (b) Election of Board of Directors
 - 1) A nominating committee composed of six (6) members, at least two (2) of whom are Board Members, shall be appointed by the President at the September meeting.
 - 2) Ballots shall be sent to the total membership in October to be resumed in November. Tabulation on the resumed ballots will be made by the Nominating Committee and the results announced by the Board.

SECTION III: Executive Committee- The President, Vice President, Secretary and Treasurer will be members of the Executive Committee. This committee shall have the power to act for the Board of Directors on all matters during periods between the regular and special meetings of the

Board of Directors. This committee shall be specifically charged with all matters not delegated to a standing committee.

ARTICLE VIII

MEETING OF DIRECTORS

SECTION I: Regular Meeting- A regular annual meeting of the Board of Directors may be held I December, and if not then held, shall be held within a reasonable time thereafter.

SECTION II: Special Meetings- Special meetings of the Board of Directors may be called at the request of the President or any two(2) directors.

SECTION III: Quorum and Manner of Acting- A majority of the directors shall constitute a quorum for the transaction of any business at any meeting of the Board of Directors. Except as otherwise expressly provided, the act of a majority of directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. The vote of seventy-five percent (75%) of the number of directors fixed by these by-laws shall be required to adopt a resolution, the adopt, amend or repeal a by-law, or to recommend dissolving the corporation pursuant to the provisions of the North Carolina Non-Profit Corporation Act.

ARTICLE IX

OFFICERS

SECTION I: Officers- The officers of this corporation shall be a President, Vice-President, Secretary and Treasurer and shall be elected as set forth below from the membership of the Board of Directors. The office of Secretary and Treasurer may be vested in one person. The officers of the club shall be elected by majority vote of the members of the Board of Directors at their annual meeting. The officers shall hold office for one (1) year or until their successors are duly elected and qualified. In the event of a vacancy, the Board of Directors shall elect a person to fill the unexpired term.

SECTION II: Duties of the President- The President shall preside at all meetings of the club and shall exercise general supervision and control over the affairs of the corporation and shall perform such other duties as the Board of Directors may assign him.

SECTION III: Duties of the Vice-President- In the absence of the President, the Vice-President shall perform his duties.

SECTION IV: Duties of the Secretary- The Secretary shall keep the minutes of the meetings of the corporation and shall have the charge of all records. The Secretary shall give notice of all meetings thereof. The Secretary shall conduct the general correspondence of the club and shall report all nominations for membership to the membership committee and shall perform all other duties usually performed by a corporate secretary. All the duties of the Secretary may be delegated by the Board of Directors to a manager of the club.

SECTION V: Duties of Treasurer- The Treasurer shall take charge of all monies of the corporation and keep the accounts and report to the President or the Board of Directors, whenever called upon by either to do so. The duty with respect to current and operating funds may be delegated by the Board of Directors to the manger of the club, in which case the Treasurer would be relieved of responsibility with respected to current and operating funds and would be responsible only for surplus funds, bonds and/or securities. The Treasurer and/or manager's

accounts may at the discretion of the Board of Directors be audited by a competent person in January of each year prior to the annual meeting of the membership, or at such times as the Board of Directors may require. The Treasurer, or the manager, as the case may be, shall pay all bills and accounts against the club and shall make all reports as required by law.

ARTICLE X

COMMITTEES

SECTION I: Standing Committees- The President shall appoint each year the following committees, each committee to have a chairman designated by the President, and consist of not more than five (5) other members, all of whom shall serve for one (1) year or until their successors be appointed:

- (a) Membership Committee
- (b) Greens and Grounds Committee
- (c) Golf Committee
- (d) Tennis Committee
- (e) Swimming Pool Committee
- (f) Lakes and Roads Committee
- (g) Clubhouse Committee
- (h) Architectural and Real Estate Committee
- (i) Executive Committee
- (j) Social Committee
- (k) Financial Committee
- (l) Beautification
- (m) Long Range Planning

SECTION II: Duties of Standing Committee- The duties and functions of the standing committee shall be set out and described in the rules and regulations of the corporation as adopted by the Board of Directors.

SECTION III: Other Committee- Other committees as required may be authorized by the Board of Directors of the corporation and there upon appointed by the President to do and perform such acts or duties as may be delegated to them by the Board.

ARTICLE XI

AMENDMENTS

These by-laws may be amended, altered or rescinded by a vote of seventy-five percent (75%) of all the members of the Board of Directors.