

**BYLAWS
OF
SANDERLING RACQUET AND SWIM CLUB, INC.**

PREAMBLE

Section 1. Sanderling Racquet and Swim Club, Inc. is a Non-Profit Corporation organized under the laws of the State of North Carolina, as contained in Chapter 55A of the General Statutes of North Carolina, entitled "Non-Profit Corporation Act", (the "Corporation").

Section 2. The purpose or purposes for which Sanderling Racquet and Swim Club, Inc., a Non-Profit Corporation, is organized are:

- (a) To own, operate, conduct and maintain a health and recreational club and facility, including fitness center, for the conduct of aquatic and racquet sports and other athletic endeavors; to acquire all real estate and equipment necessary therefore by purchase, lease or otherwise, and to equip, outfit and adapt the same for such purpose.
- (b) To make and establish reasonable rules and regulations governing the use of property or facilities owned, leased or operated by the Corporation, (the "Property").
- (c) To affix, levy and collect such membership and usage fees, annual dues, charges and assessments from Members of the Corporation, Sanderling Homes Association Users, ("SHA Users"), and other Users of the Property, including the right to affix, levy and collect such fees, annual dues, charges and assessments for the purpose of acquiring, operating, leasing, managing and otherwise trading and dealing with such Property, whether real or personal, which may be necessary or convenient in the operation and management of the Property.
- (d) To construct, maintain, repair, replace, operate and manage the Property, including the right to reconstruct improvements and to make further improvement of the Property and to make and enter in to any and all contracts necessary or desirable to accomplish said purposes.
- (e) To contract for the management of the Property and to delegate to such contractor all of the powers and duties of the Corporation except those which may be required by the Bylaws to have approval of the Board of Directors of the Corporation.
- (f) To acquire (by gift, purchase or otherwise), own, hold, and improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate to public use, or otherwise dispose of real and personal property in connection with the affairs of the Corporation.
- (g) To borrow money and, subject to any restrictions contained in the Bylaws,

upon the affirmative vote of a majority of the votes of Members entitled to be cast in person or by proxy, mortgage, pledge, convey by deed or trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred.

(h) To participate in mergers and consolidations with other non-profit corporations organized for the same purposes, provided that any such merger or consolidation shall have the affirmative vote of a majority of the votes of Members entitled to be cast in person or by proxy.

(i) To enforce by legal means the Articles of Incorporation, the Bylaws of the Corporation which may be hereafter adopted, and any rules and regulations governing the Property.

(j) To exercise any and all powers, rights, and privileges which a corporation organized under the Non-Profit Corporation Act of the State of North Carolina (Chapter 55A of the General Statutes of North Carolina) by law may now or hereafter exercise.

ARTICLE I

Offices

Section 1. Principal Office. The principal office of the Corporation shall be located at 1578 Duck Road, Duck, Dare County, North Carolina.

Section 2. Registered Office. The registered office of the corporation, which by law is required to be maintained in the State of North Carolina, shall be located at 2502 S. Croatan Highway, Nags Head, Dare County, North Carolina or at such other place within the State of North Carolina as may, from time to time, be fixed and determined by the Board of Directors.

Section 3. Other Offices. The Corporation may have other offices at such places, either within or outside the State of North Carolina, as the Board of Directors may from time to time determine, or as the affairs of the Corporation may require.

ARTICLE II

Meeting of Members

Section 1. Place of Meetings. All meetings of Members shall be held at the place designated in the notice of such meeting, within or outside the State of North Carolina, or if no place is designated in said notice, the meeting shall be held at the principal office of the Corporation.

Section 2. Annual Meeting. The Annual Meeting of Members for the election of Directors and for the transaction of such other business as may properly come before the meeting shall be held on the Saturday prior to the date Columbus Day is officially observed each year.

Section 3. Substitute Annual Meeting. If the Annual Meeting shall not be held on the day designated by these Bylaws, a substitute Annual Meeting may be called in the manner provided for the call of a Special Meeting in accordance with the provisions of Section 4 of this Article II, and a substitute Annual Meeting so called shall be designated as and shall be treated, for all purposes, as the Annual Meeting.

Section 4. Special Meetings. Special meetings of the Members may be called at any time by the President, or any member of the Board of Directors, or by any Member pursuant to the written request of the Members who are entitled to cast not less than ten percent (10%) of the total votes of the Corporation.

Section 5. Notice of Meetings. Written notice stating the time and place of a meeting of members shall be given by or at the direction of the President, the Secretary or other person authorized to call such meeting, to each Member entitled to vote at such meeting, not less than ten (10) nor more than fifty (50) calendar days prior to the date of such meeting. Notice may be given by personal delivery or by mail. Delivery by mail is complete when the notice is deposited in a postpaid, properly addressed wrapper in a post office or official depository under the exclusive care and custody of the U.S. Postal Service.

If mailed, such notice shall be directed to each Member at the address of such Member as set forth on the records of the Corporation, except that if any Member shall have filed with the Secretary a written request that notices intended for such Member be mailed to some other address, then all notices to such Member shall be mailed to the address designated in such request.

A statement of the business to be transacted at an Annual or substitute Annual Meeting of Members need not be set forth in the notice of such meeting, except that if any matter is to be considered or acted upon, other than the election of Directors, on which the vote of Members is required under the provisions of the North Carolina Non-Profit Corporation Act, then a specific statement thereof shall be set forth in such notice.

In the case of a Special Meeting, the notice shall set forth the nature of the business to be transacted. Only the business so stated shall be presented, discussed and voted upon at the Special Meeting.

If a meeting shall be adjourned for more than thirty (30) calendar days, notice of such adjourned meeting shall be given as in the case of an original meeting, and if the adjournment shall be for less than thirty (30) calendar days, no notice thereof need be given, except that such adjournment shall be announced at the meeting at which the adjournment is taken.

Notice of a meeting need not be given if each Member entitled to notice thereof shall, in person, or by attorney thereunto duly authorized, waive notice thereof in writing, either before or after such meeting.

Section 6. Quorum; Adjournment if no quorum. A quorum shall consist of Members present in person or by proxy, entitled to cast at least twenty (20%) of the total votes in the Corporation. If a quorum is not present, the meeting shall be adjourned from time to time until a quorum is present.

Section 7. Voting. Voting shall be in accordance with Article Five of the Declaration of Covenants, Conditions and Restrictions for Sanderling, Phases 4A and 4B dated May 8, 1981 and of record at Deed Book 310, Page 557 of the Dare County Registry which article is incorporated herein by reference.

Section 8. Proxies. Any Member entitled to vote may vote by proxy, provided that the instrument authorizing such proxy to act shall have been executed in writing by the Member or duly authorized attorney. No proxy shall be valid after the expiration of eleven (11) months from the date of its execution, unless the person executing it shall have specified therein the length of time it is to continue in force or limits its use to a particular meeting, and in any event, no proxy shall be valid after ten (10) years from the date of its execution. Each instrument designating a proxy shall be mailed or exhibited to the Secretary of the Corporation or designated Inspector of Elections. All proxies shall be filed with the records of the Corporation.

All votes including proxy votes shall be tallied by the Secretary of the Corporation and/or designee.

Section 9. Informal Action by Members. Any action which may be taken by the Members at a meeting thereof may be taken without a meeting if consent in writing, setting forth the action taken, shall be signed by all of the persons who would be entitled to vote upon such action at a meeting and filed with the Secretary of the Corporation. Any consent so filed with the Secretary of the Corporation shall be filed in the corporate minute book in like manner as minutes of a meeting. Any such consent shall have the same force and effect as a unanimous vote of the members.

ARTICLE III

Board of Directors

Section 1. Function, Number and Qualification. The property, affairs and business of the Corporation shall be managed by the Board of Directors. The number of Directors shall be determined by the Members but in no event shall be fewer than seven (7). The initial Board of Directors shall consist of the current directors of Sanderling Property Owners Association, Inc., (“SPOA”), who shall each serve until their respective term ends and their designated successors

are elected by Members of the Corporation as provided by these Bylaws. Thereafter, Directors shall serve for terms of three (3) years.

Directors must be members of the Corporation in good standing but need not be residents of the State of North Carolina.

Section 2. Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Corporation and shall do all such acts and things as are not by law or by the Bylaws directed to be exercised or done by the Members. The powers and duties of the Board of Directors shall include, but shall not be limited to, the following:

- (a) Operation, care, upkeep and maintenance of the Property.
- (b) Determination of an annual budget and revenue required for the affairs of the Corporation.
- (c) The establishment, levying, assessment and collection of membership and usage fees, annual dues, fees, charges and assessments from Members, SHA Users, and other Users.
- (d) The employment and dismissal of the personnel necessary for the maintenance, repair, replacement and operation of the Property.
- (e) Opening of bank accounts in the name of the Corporation and designating the signatories required for such accounts.
- (f) Selling, leasing, subleasing, encumbering, or mortgaging the Property.
- (g) Granting of licenses over the Property.
- (h) Obtaining and maintaining insurance on the Property and designating a commercial bank, insurance company or similar institution with trust powers as Trustee.
- (i) Making repairs, additions and improvements to or alterations to and restoration of the Property.
- (j) Leasing or otherwise acquiring the right to use, either exclusively or in common with others, recreational and other facilities for the benefit of the Members.
- (k) Adopting and amending reasonable Rules and Regulations governing the conduct of all people on the Property and the operation and use of the Property.

- (l) Enforce, by any legal means, the provision of the Bylaws and Rules and Regulations for use of the Property.
- (m) Appoint and remove at pleasure all agents and employees of the Corporation, prescribe their duties, fix the compensation of agents and employees of the Corporation, and require of them such security or fidelity bond as it may deem expedient.

Section 3. Management. The Board of Directors may employ or enter into a contract or agreement with a manager for the Property, for a period of not more than twelve (12) months with the right of the Corporation to cancel such contract with thirty (30) days notice with or without cause, at a compensation or consideration established by the Board to perform such duties and services as the Board shall authorize. The Board of Directors may authorize the manager to perform the duties listed in subsections (a), (d), (h), (i), and other duties consistent therewith, but shall not delegate to the manager the powers of the Board of Directors set forth in subsections (b),(c) (e), (g), (j), (k) (j) and (l).

Section 4. Removal of Directors. At any time, at any regular or special meeting of the Members, any one or more of the members of the Board of Directors may be removed for cause by a majority of all of the Members following notice thereof in the call of the meeting and a successors or successors may then or thereafter be elected to fill the vacancy thus created.

Section 5. Vacancies. Vacancies on the Board of Directors caused by any reason other than the removal of a member as provided in Section 4 above, shall be filled by vote of a majority of the remaining Directors at a regular or special meeting of the Board of Directors held promptly after the occurrence of any such vacancy, even though the Directors present at such meeting shall constitute less than a quorum and each person so elected shall be a member of the Board of Directors for the remainder of the term of the Director so replaced, and until a successor shall be duly elected.

Section 6. Initial Meeting. The first regular meeting of the Board of Directors following a meeting of the Members at which directors are elected, shall be held within ten (10) days thereafter at such time and place as shall be agreed upon by a majority of the Board of Directors. No notice shall be necessary to the members of the Board of Directors in order legally to constitute such a meeting, provided a quorum shall be present at such initial meeting.

Section 7. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the Directors. Notice of regular meetings of the Board of Directors shall be given by the Secretary to each Director personally, by electronic mail, telephonically, by facsimile or by mail, whether delivered by the United States Postal Service or other carrier at least two (2) days prior to the day named for the meeting.

Section 8. Special Meetings. Special meetings of the Board of Directors may be called by the President on two (2) days' notice to each Director, given personally, by electronic mail, telephonically, by facsimile or by mail, whether delivered by the United States Postal Service or other carrier, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice upon the written request of at least two (2) Directors.

Section 9. Waiver of Notice. Any director may at any time waive notice of any meeting of the Board of Directors in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board shall constitute a waiver of notice by him of the time and place thereof. If all members of the Board are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 10. Quorum of Board of Directors. At all meetings of the Board of Directors, one-half (1/2) of the Directors being present shall constitute a quorum for the transaction of business, and the vote of a majority of the Directors present shall constitute the decision of the Board of Directors.

Section 11. Fidelity Bonds. The Board of Directors shall have the option, but not the obligation to obtain, to the extent reasonably available, for all officers, employees and agents of the Corporation handling or responsible for Corporation funds, a fidelity bond in the amount of 150% of anticipated funds to be held by such officers, employees and agents. The premiums on such bonds shall constitute a Corporation expense.

Section 12. Compensation. No member of the Board of Directors shall receive any compensation from the Corporation for acting as a Director.

Section 13. Liability of the Board of Directors. Every Director and every Officer of the Corporation shall be indemnified by the Corporation against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been a Director or Officer of the Corporation, whether or not he is a Director or Officer at the time such expenses are incurred, except in such cases wherein the Director or Officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided that, in the event of any claim for reimbursement or indemnification hereunder based upon a settlement by the Director or Officer seeking such reimbursement or indemnification, the indemnification herein shall only apply if the Board of Directors approves such settlement and reimbursement as being the best interests of the Corporation. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such Director or Officer may be entitled.

Section 14. Fiscal Year. The Board of Directors shall establish a fiscal year.

Section 15. Fiscal Affairs. It shall be the duty of the Board of Directors:

(a) To cause to be kept a complete record of all its acts and corporate affairs and to make a statement thereof, available upon written request, to the Members at the Annual Meeting of the Members or at any Special Meeting when such is requested in writing by Members entitled to cast one-fourth (1/4) of the votes of the Corporation.

(b) To supervise all officers, agents and employees responsible for the fiscal affairs of the Corporation, and to see that their duties are properly performed.

ARTICLE IV

Officers

Section 1. Designation. The principal officers of the Corporation shall be a President, a Vice-President, a Secretary and a Treasurer, all of whom shall be elected by the Board of Directors. The President and the Vice-President shall be elected from among the members of the Board of Directors. The Board of Directors may elect a Treasurer, an Assistant Treasurer, a Secretary, an Assistant Secretary and such other officers as in its judgment may be necessary, who need not be Members of the Corporation.

Section 2. Election of Officers. The officers of the Corporation shall be elected annually by the Board of Directors and shall hold office at the pleasure of the Board.

Section 3. Removal of Officers. Upon the affirmative vote of a majority of members of the Board of Directors, any officer may be removed, with cause, and his successor elected at any regular meeting of the Board of Directors, or at any Special Meeting of the Board called for such purpose.

Section 4. Resignations. Any officer may resign at any time by giving written notice to the Board of Directors or to the President or the Secretary of the Corporation. Any such resignation shall take effect upon its being accepted by the Board of Directors.

Section 5. Vacancies. A vacancy in any office because of death, resignation, removal, or disqualification, or any other cause, shall be filled for the unexpired portion of the term in the manner prescribed by these Bylaws for regular appointments or elections to such offices.

Section 6. President. The President shall be the chief executive officer of the Corporation. The President shall preside at all meetings of the Members and of the Board of Directors. The President shall have all the general powers and duties which are usually vested in the office of president of a corporation, organized under the laws of the State of North Carolina, including but not limited to the power to appoint committees from time to time as the President may, in the

President's discretion, decide is appropriate to assist in the conduct of the affairs of the Corporation.

Section 7. Vice President. The Vice-President shall take the place of the President and perform duties whenever the President shall be absent or unable to act. If neither the President nor the Vice-President is able to act, the Board of Directors shall appoint some other member of the Board to act in the place of the President on an interim basis. The Vice-President shall also perform such other duties as shall, from time to time, be assigned by the Board of Directors or by the President.

Section 8. Secretary. The Secretary shall keep the minutes of the meetings of Members and of the Board of Directors; shall have charge of such books and papers as the Board of Directors and these Bylaws may direct; shall give all notices required by the Bylaws unless otherwise provided; and shall, in general, perform all the duties incident to the office of the Secretary of a corporation organized under the laws of the State of North Carolina.

Section 9. Treasurer. The Treasurer shall have responsibility for Corporation funds and securities and shall cause the financial records and books of account in books belonging to the Corporation to be kept. The Treasurer shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Corporation, in such depositories as may from time to time be designated by the Board of Directors, and shall, in general, perform all the duties incident to the office of treasurer of a corporation organized under the laws of the State of North Carolina.

Section 10. Signatories to Documents. All agreements, contracts, deeds, leases, and other documents of the Corporation shall be executed by the President or Vice-President, and attested to by the Secretary, of the Corporation or by such other person or persons as may be designated by the Board of Directors. Vouchers for the payment of Corporation funds shall be approved by the Treasurer before payment.

Section 12. Compensation of Officers. No officer shall receive any compensation from the Corporation for acting as such.

ARTICLE V

Contracts, Loans, Deposits, Checks, Drafts, Etc.

Section 1. Contracts. Except as otherwise provided in these Bylaws, the Board of Directors may authorize any officer or officers, agent or agents to enter into any contract or to execute or deliver any instrument on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 2. Loans. No loans shall be contracted on behalf of the Corporation and no evidence of indebtedness shall be issued in its name, unless and except as authorized by the Board Directors. Any officer or agent of the Corporation thereunto so authorized may effect loans or advances for the Corporation and for such loans and advances may make, execute and deliver promissory notes, bonds or other evidences of indebtedness of the Corporation. Any such officer or agent, when thereunto so authorized, may mortgage, pledge, hypothecate or transfer as security for the payment of any and all loans, evidences, indebtedness and liabilities of the Corporation any real property and all stocks, bonds, other securities and other personal property at any time held by the Corporation, and to that end may endorse, assign and deliver the same, and do every act and thing necessary or proper in connection therewith. Such authority may be general or confined to specific instances.

Any loan requiring a special assessment of the Members for repayment must be authorized by a majority vote of the Members present in person or by proxy at a regular or special meeting called for the purpose.

Section 3. Deposits. All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks or trust companies or with such bankers or other depositories as the Board of Directors may select, or as may be selected by any officer or officers, agent or agents of the Corporation to whom such power may from time to time be given by the Board of Directors.

Section 4. Checks, Drafts, Etc. All notes, drafts, acceptances, checks and endorsements or other evidences of indebtedness shall be signed by the President or a Vice-President and by the Secretary or the Treasurer, or in such other manner as the Board of Directors from time to time may determine. Endorsements for deposit to the credit of the Corporation in any of its duly authorized depositories will be made by the President or Treasurer or by any officer or agent who may be designated by resolution of the Board of Directors in such manner as such resolution may provide.

Section 5. Loans to Directors and Officers. No loan shall be made by the Corporation to any of its Directors or officers.

ARTICLE VI

Membership in the Corporation; Users of the Property

Section 1. Membership.

(a) *Members.* Members of the Corporation shall consist of all members in good standing of SPOA as more specifically provided by Article Five of the Declaration of Covenants, Conditions and Restrictions for Sanderling, Phases 4A and 4B dated May 8, 1981 and of record

at Deed Book 310, Page 557 of the Dare County Registry which article is incorporated herein by reference. Members shall have voting rights as set forth in Article II, Section 7 of these Bylaws.

(b) *SHA Users of the Property.* As provided by Article Eleven of the Declaration of Covenants, Conditions and Restrictions for Sanderling, Phases 4A and 4B dated May 8, 1981 and of record at Deed Book 310, Page 557 of the Dare County Registry, (“Article Eleven”), which Article is made a part hereof and incorporated by reference herein, all members in good standing of Sanderling Homes Association, Inc., (“SHA”), who, as of the date of incorporation of the Corporation and thereafter, have paid and continue to pay all dues, charges, fees and assessments to date, shall have rights-of-use of the Property,

(c) Any member in good standing of SHA who wishes to become an SHA User of the Property after the date of incorporation of the Corporation may be allowed to become an SHA User upon such terms and conditions as may be established from time to time by the Board of Directors of SPOA.

(d) Pursuant to the aforesaid Article Eleven, the Corporation may offer rights-of-use of the Property to other persons and entities upon the terms and conditions set forth in Article Eleven and such other terms and conditions as may be established by the Board of Directors of SPOA. (“Users”)

Section 2. Terminating Membership and SHA User Rights A Member's membership in the Corporation is automatically terminated upon the loss of the Member's membership in SPOA. The rights of an SHA User shall be terminated as provided in the aforesaid Article Eleven .

Section 3. Transfer of Membership. Each membership in the Corporation shall be appurtenant to the ownership of a lot or parcel of land shown on a plat or plats entitled “Sanderling Phase 4-A” and “Sanderling Phase 4-B” or any higher numbered phase of Sanderling” which may be or will be recorded in the Office of the Register of Deeds of Dare County, North Carolina.

Section 4. Suspension of Membership and SHA User Rights. The Board of Directors shall have the authority to suspend a Member's membership, which suspension shall deny that Member the right to vote on any matter requiring a membership vote, the right to participate in any respect in the affairs of the Corporation and further shall deny that Member, their guests, family members and renters the right to the use of any of the Property, if that Member is in default in the payment of any fee, charge, annual dues and /or assessments, both real and anticipated, levied by the Corporation, and said suspension shall remain in effect until all fees, annual dues, charges and/or assessments have been paid.

The Board of Directors further shall have the authority to suspend a Member's membership and SHA User rights for any violation of any Rule or Regulation established by these Bylaws or by the Board of Directors governing the use of the Property or for any other

good cause, and said suspension or other action shall remain in effect until said violation has been corrected, terminated or satisfied. Said suspension shall apply to the Member and/or SHA User, their guests, family members and renters

Any Member of the Corporation or SHA User duly notified of suspension of membership due to violation of any rule or regulation shall have the right of appeal to the entire Board with any witnesses they choose to present at the next regularly scheduled Board meeting following notice of suspension or other action. During that time the suspension shall be in force.

The usage rights of Users referred to in Section 1 (d) above may be suspended or terminated for such reasons as deemed to be in the best interest of the Corporation as determined by the Board of Directors in its sole discretion.

ARTICLE VII

Administration of the Corporation

Section 1. Management. The management of the Corporation shall be the responsibility of the Board of Directors pursuant to the general powers vested in said Board in Section 1 of Article III above. The Board of Directors shall be responsible for contracting with various individuals, firms and corporations, whether one or more, for the maintenance and operation of the Corporation and Property, said contracts not to exceed a term of one (1) year. The Board of Directors shall have authority to revise, alter or terminate all contracts and agreements, or dismiss any personnel, wherein the service to be performed is unsatisfactory or undesirable, or is not of the caliber of that contracted for. The Board of Directors shall direct the Treasurer to pay all routine maintenance costs anticipated and set out in the annual operating budget and also to pay for all services contracted for by the Board of Directors pursuant to the terms of any and all such contracts. All other expenditures shall be made only after the written consent has been obtained from a majority of the Board of Directors then in office. The Treasurer shall file such written consents with the books of the Corporation.

Section 2. Fees. All Members and SHA Users shall pay their share of fees, annual dues, charges and/or assessments according to a budget adopted annually by the Board of Directors. A copy of the budget indicating each Member's fee shall be sent to each Member following the budget's adoption. Payment of usage fees by Users shall be upon such terms and conditions as deemed appropriate and in the best interest of the Corporation as determined by the Board of Directors in its sole discretion.

Section 3. Administrative Regulations. The Board of Directors shall have the power and authority to adopt and amend administrative Rules and Regulations governing the details of the operation and use of the Property and governing the personal conduct of the Members, SHA Users, and Users and their families, guests and renters, and such Rules and Regulations shall remain in force and effect until rescinded or amended by the Board of Directors or until repealed or altered by the members as hereinafter provided.

Section 4. Receipts and Expenditures. The Board of Directors shall keep detailed, accurate records in chronological order of the receipts and expenditures affecting the Property, specifying and identifying the maintenance and repair expenses of the Property and any other expenses incurred. Both said books and accurate records and the vouchers accrediting the entries thereupon shall be available for examination by all the Members, their duly authorized agents or attorneys, at convenient hours on working days that shall be set and announced for general knowledge. All books and records shall be kept in accordance with good and accepted accounting practices, and an outside audit shall be made at least once annually.

ARTICLE VIII

General Provisions

Section 1. Corporate Seal. The corporate seal shall be in such form as shall be approved from time to time by the Board of Directors.

Section 2. Fiscal Year. The fiscal year of the Corporation shall be established by resolution of the Board of Directors.

Section 3. Dividends. No dividend shall be paid and no part of the income of the Corporation shall be distributed to the Members, Directors or officers.

Section 4. Stock. The Corporation shall not have nor shall issue shares of stock.

Section 5. Waiver of Notice. Whenever any notice is required to be given to any Member or Director under the provisions of the North Carolina Non-Profit Corporation Act, or under the provisions of the Articles of Incorporation or Bylaws of this Corporation, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice.

Section 6. Inspection of Books and Records. Any Member, agent or attorney has the right to inspect all the books and records of the Corporation for any proper purpose at convenient hours on working days that shall be set and announced for general knowledge.

Section 7. Amendments. Except as otherwise herein provided, these Bylaws may be amended or repealed and new Bylaws enacted and amended by the affirmative vote of seventy five percent (75%) of the votes of Members present in person or proxy at a regular or Special Meeting of the Members following an affirmative vote of not less than (75%) seventy five percent of the entire membership of the Board of Directors then in office. All Members of the Corporation shall be bound by any amendment enacted as herein specified, when the same is duly passed.

I certify the foregoing to be a true copy of the Bylaws of Sanderling Racquet and Swim Club, Inc., as adopted by the Directors on the 23rd day of August, 2006.



President