GINGERCAKE RECREATION CLUB, INC.
BY-LAWS

ARTICLE I – TITLE AND OBJECT

1. The name of the organization shall be the GINGERCAKE RECREATION CLUB, INC..

2. The GINGERCAKE RECREATION CLUB, INC., shall represent the property owners in Gingercake Acres, which area is identified by the Burke County Tax Assessors' maps, dated March 1979, as follows: properties recorded on maps in Book I, page 104; Book I, page 106, with the exception of lots 3 & 11; and Book I, page 108, with the exception of the following: Block II, lots 9,10, 11, 12, 13, 14, 15, 16, 17, 18, 19, and Block 5 lots 10, 11, 13, 14, 17, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36 and 40.

3. The permitted purposes for this corporation shall be, but not limited to, the following: establish, maintain and operate recreational facilities, utilities, and a road system. Said services shall be limited to the property immediately adjacent to the connection of the Corporation's water system.

ARTICLE II – GOVERNMENT

1. The government of the club shall be vested in a board of directors of which a majority shall constitute a quorum.

2. The board of directors are vested all powers to operate, manage, control and supervise the club premises, its employees, servants and agents; to pass by-laws and rules for the management of the club, and government of members; to fix, enforce and remit penalties for the breach of said by-laws or rules. Fines, when duly assessed by the board shall be collectable as dues and the nonpayment thereof shall subject the offender to the penalty of expulsion as for nonpayment of dues.

3. Included in the board of directors general powers shall be the right to fix, from time to time, initiation fees and dues payable by all members.

4. The board shall have broad power to make all contracts necessary for the normal operation of the club and to do such other acts or things as it may deem necessary for the welfare of the club, and to delegate its administrative authority to committees, agents and servants. The board shall maintain at all times a Money Market Fund of $25,000.00, and any of the Fund may be used only by the authorization of the corporation for Capital Improvements, or by the board to care for an emergency caused by an act of God; whenever any amount is used from the Emergency Fund, the board shall replenish the fund regularly until the full $25,000.00 is held in escrow and invested.

5. The regular annual meeting of the board of directors shall be held immediately following the annual meeting of the membership. Special meetings of the board may be called either by the president or secretary upon notice given to each available member of the board.

6. The fiscal year for the Corporation shall be July 1 through June 30.

ARTICLE III – ELECTION OF OFFICERS AND DIRECTORS

1. The officers of the club shall be elected by the board of directors and the board of directors shall be elected at the annual meeting of the club which shall be held on the first Saturday in July or at such other time at such hour as may be designated by the board.

2. The election of the directors shall be by ballot and the majority of the votes cast shall be required to elect.

3. The member may be represented at any meeting by proxy, which shall be filed with the secretary of the club.

4. Members of the board of directors, and officers, shall hold office for three years from the date of election and thereafter until their successors shall have been elected.

5. In case of a vacancy on the board of directors, the board, by a majority vote, shall elect a successor to fill the unexpired term.

6. Fifty percent of the members present in person or by proxy shall constitute a quorum at all membership meetings.

7. The board of directors shall consist of at least seven persons, each will serve three years. At least two persons shall be elected every year. No person who has served three consecutive years may succeed himself on the board.

8. Officers of the club and members of the board shall be members of the GINGERCAKE RECREATION CLUB, INC..

ARTICLE IV – OFFICERS

1. The officers of the club shall be a president, a vice-president, a secretary, and a treasurer. The offices of president and treasurer may be held by the same person. The offices of vice-president, secretary and treasurer may be held by the same person, and the offices of secretary and treasurer may be held by the same person.

2. The president shall preside at all meetings, shall have general supervision of the affairs of the club, shall sign all contracts and other instruments of the club, shall make reports to the directors and members, and perform all such other duties as are incident to

his office, or are properly required of him by the board of directors. In the absence or disability of the president, the vice-president shall exercise all his functions.

3. The secretary shall keep minutes of all meetings, shall sign with the president such instruments as require such signature, and shall make such reports and perform such other duties as are incident to this office.

4. The treasurer shall have the custody of all funds and deposit the same in the name of the club. He shall keep proper books of account and report annually to the board of directors and members.

ARTICLE V – REQUIREMENTS FOR MEMBERSHIP

1. No applicant shall become a member until duly elected a member of the club by the board of directors and has paid to the club such fees and dues in advance as prescribed by the board of directors. No applicant shall be approved by the board of directors unless he or she is a property owner and/or a resident of the Gingercake Acres, Township of Jonas Ridge, Burke County, North Carolina; provided, however, that such applicants residing on Table Rock Road, Burke County, North Carolina, continuously since 1956 shall be considered as residents of Gingercake Acres.

2. At the board's approval, new (non-voting) memberships may be granted to nearby property owners or residents, the privileges of the organization.

ARTICLE VI – MEMBERS

1. Members shall consist of such persons who have participated in the organization of the club at the time of the adoption of these by-laws as described in Article I, Section 2, and such other persons as thereafter be elected by the board of directors. Any resident or residents, however, outside the Gingercake Acres area, as set forth in Article I, Section 2, applying for membership in and services by the Corporation shall be required to finance the total expenses for providing additional water sources, and connections to the Corporations' Water System installed in 1969-70, sufficient to meet the North Carolina Health Department's requirements.

2. The membership shall include all persons of the immediate families of members dependent upon such members for support, and are entitled to all the privileges of the club. Each family shall have one vote.

3. The board may grant non voting membership to nearby property owners and/or residents and fix membership fees, dues therefore with power to change the same from time to time.

ARTICLE VII – DUES

1. "Pursuant to Article II, Paragraph 3, the board of directors can fix dues and fees payable by the membership. A current dues and fee schedule is attached to the by-laws, designated as "Appendix A." The appendix is not a part of the by-laws and is exempt from the written notice requirements of Article IX. Any dues increase must be communicated to the membership, but notice through the annual meeting and through the periodic newsletters to the membership is sufficient. Any discount of dues is at the discretion of the board of directors."

2. All dues shall become payable by July 1 of the corresponding fiscal year and any unpaid indebtedness shall become delinquent beginning August 1. Dues paid following August 1 shall be penalized 10% plus 5%for each additional month. Upon thirty (30) days delinquency, the member shall automatically be suspended from the club and subject to expulsion at the discretion of the board of directors. (See Article II – Government, Paragraph 3).

ARTICLE VIII – PENALTIES

1. In case of the infraction of any by-laws or any rules of the club, or in the event of any conduce on the part of a member or his guest, which may tend to endanger the good order, welfare or character of the club, the board of directors may expel such member from membership in the club, provided that when any member is charged with any such infraction, notice in writing shall be given him of the time and place where he may be given an opportunity to appear before said board.

ARTICLE IX – AMENDMENTS

1. These Club by-laws may be amended at any meeting of the board of directors, by a majority vote of members present, provided that a copy of any amendment adopted be distributed by mail to the membership.

ARTICLE X – SPECIAL PROVISIONS

1. A current list of the membership of the corporation shall be available upon request to any member.

2. A special meeting of the membership can be called upon petition by one-fourth of all members. Upon receipt of such petition the president shall announce the convening of said meeting, giving at least ten (10) days written notice prior to the convening of such meeting. The president must convene the meeting within thirty (30) days of receipt of said petition.

APPENDIX A

The Gingercake Board of Directors are empowered by Article II, Paragraph 3 of the Gingercake Recreation Club, Inc. By-Laws to fix initiation fees and dues payable by the membership.

Dues and Fee Schedule as of January 1, 2008

1. Homeowners on the Giingercake water system shall pay annual dues of six hundred fifty dollars ($650.00).

2. Homeowners not on the Gingercake water system shall pay annual dues of four hundred fifty dollars ($450.00).

3. Lot owners are assessed dues of one hundred dollars ($100.00) per year per lot. In the event a lot owner should build or sell, dues in arrears must be paid, plus 10% penalty for each year back to July, 1987.

4. There is no discount for early payment of dues in effect at this time.

5. A one-time Initiation Fee of five thousand dollars ($5,000.00) shall be charged to all new members of the club.

6. A one-time Water Hookup Fee of two thousand, five hundred dollars ($2,500.00) or the actual cost of extending the water line to the home, whichever is greater, shall be charged for all new hookups to the Gingercake Recreation Club's water system.

7. A Water Transfer Fee of one thousand, five hundred dollars ($1,500.00) shall be charged to new owners, when the previous owner was on Gingercake Water System.