
THE PENINSULA YACHT CLUB



PLAN FOR THE OFFERING OF MEMBERSHIPS

February 2005

THE PENINSULA YACHT CLUB

INTRODUCTION TO MEMBERSHIP PLAN

PURPOSE OF THE CLUB

This Plan for the Offering of Memberships and the Rules and Regulations, as the same may be amended from time to time (collectively, the “Membership Plan”) along with the member’s Membership Agreement offer an opportunity to obtain a membership at The Peninsula Yacht Club.

OWNERSHIP AND USE OF THE CLUB FACILITIES

PYC Holdings, LLC, a North Carolina limited liability company, doing business as The Peninsula Yacht Club (the “Club”) currently owns and/or leases and operates the facilities provided at The Peninsula Yacht Club. Use of the facilities provide at The Peninsula Yacht Club is available to members of the Club, immediate family members, guests of members and such other persons as may be permitted by the Club from time to time.

MEMBERSHIP PRIVILEGES

The Club is currently offering two classifications of non-equity membership known as “Social Memberships” and “Yacht Memberships.”

Members and immediate family members are permitted to use the facilities provided at The Peninsula Yacht Club in accordance with the classification of membership obtained by the member as further described in this Membership Plan. By obtaining a membership at The Peninsula Yacht Club, members obtain a non-exclusive revocable license to use the facilities in accordance with this Membership Plan. Members do not obtain any equity or ownership interest in the Club or in the facilities provided at The Peninsula Yacht Club, do not acquire any property rights or other interest in any property of the Club or the facilities provided at The Peninsula Yacht Club and do not have any rights to become involved in the management or operation of the Club or the facilities provided at The Peninsula Yacht Club and do not have any voting privileges.

MEMBERSHIP OFFICE IS AVAILABLE TO ANSWER INQUIRIES

Any questions concerning this Membership Plan or the membership opportunities available at The Peninsula Yacht Club should be directed to the Membership Office. The Membership Office may be reached by calling 704-892-9858.

FOLLOW THESE PROCEDURES TO APPLY FOR A MEMBERSHIP

- A. Deliver a completed and signed Application for Membership Privileges and membership Agreement to the Club;
- B. Deliver the required membership fee, slip fees (if applicable) and dues to the Club;
- C. Be sponsored by an existing member in good standing at The Peninsula Yacht Club or a representative of the Club; and
- D. Attend a personal interview, if requested.

CAREFULLY REVIEW ALL MEMBERSHIP DOCUMENTS

Every person or entity that desires to obtain a membership at The Peninsula Yacht Club should carefully read all of the Plan for the Offering of Memberships, Rules and Regulations and other referenced documents and should consider seeking professional legal and financial advice in evaluating these documents.

RELY ONLY ON INFORMATION IN THIS MEMBERSHIP PLAN

NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION REGARDING THE CLUB, MEMBERSHIPS AT THE PENINSULA YACHT CLUB OR ANY OTHER MATTER DISCUSSED IN THIS MEMBERSHIP PLAN THAT IS NOT SET FORTH AND CONTAINED IN THIS MEMBERSHIP PLAN AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE CLUB. NO PERSON SHALL BE ENTITLED TO RELY UPON ANY INFORMATION OR REPRESENTATION EXCEPT AS SPECIFICALLY SET FORTH IN THIS MEMBERSHIP PLAN OR IN THE MEMBER'S FULLY COMPLETED MEMBERSHIP AGREEMENT EXECUTED BY BOTH THE MEMBER AND THE CLUB.

MEMBERSHIPS AT THE PENINSULA YACHT CLUB ARE BEING OFFERED EXCLUSIVELY FOR THE PURPOSE OF PERMITTING PERSONS OBTAINING MEMBERSHIP PRIVILEGES TO USE THE FACILITIES PROVIDED AT THE PENINSULA YACHT CLUB IN ACCORDANCE WITH THE PRIVILEGES OF THE MEMBER'S CLASSIFICATION OF MEMBERSHIP. MEMBERS OBTAIN A NON-EXCLUSIVE REVOCABLE LICENSE TO USE THE FACILITIES PROVIDED AT THE PENINSULA YACHT CLUB IN ACCORDANCE WITH THE PRIVILEGES OF THE MEMBER'S CLASSIFICATION OF MEMBERSHIP. THE MEMBERSHIP FEE PAID TO THE CLUB BY A MEMBER FOR A MEMBERSHIP IS NOT REFUNDABLE UNDER ANY CIRCUMSTANCES. THEREFORE, MEMBERSHIP PRIVILEGES SHOULD NOT BE VIEWED OR OBTAINED AS AN INVESTMENT AND NO PERSON OBTAINING A MEMBERSHIP AT THE PENINSULA YACHT CLUB SHOULD EXPECT TO DERIVE ANY ECONOMIC BENEFITS OR PROFITS FROM MEMBERSHIP AT THE CLUB.

THIS MEMBERSHIP PLAN DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF ANY OFFER TO OBTAIN A MEMBERSHIP AND SHALL NOT BE CONSTRUED AS AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER, OR AN INVITATION TO BE CONSIDERED FOR MEMBERSHIP, IN ANY JURISDICTION OR UNDER ANY CIRCUMSTANCES WHERE SUCH OFFER, SOLICITATION OR INVITATION WOULD BE UNLAWFUL.

THIS MEMBERSHIP PLAN HAS NOT BEEN REVIEWED OR ENDORSED BY ANY FEDERAL OR STATE AUTHORITY.

THE PENINSULA YACHT CLUB

PLAN FOR THE OFFERING OF MEMBERSHIPS

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THE PENINSULA YACHT CLUB

PLAN FOR THE OFFERING OF MEMBERSHIPS

A. INTRODUCTION

MEMBERSHIP OPPORTUNITY

The Peninsula Yacht Club is located on Lake Norman in Mecklenburg County, North Carolina and offers an opportunity to be a member of a social, swimming and marina-oriented club in accordance with the terms and conditions of this Membership Plan. Membership at The Peninsula Yacht Club provides an opportunity to enjoy a variety of recreational and social facilities and to participate in various social activities and events. Pursuant to this Membership Plan, the privilege of using the facilities provided at The Peninsula Yacht Club is available to members; immediate family members, guests of members and such other persons as may be permitted by the Club from time to time.

The Peninsula Yacht Club is a separate and distinct entity from The Peninsula Club and is not affiliated with The Peninsula Club.

B. CLUB FACILITIES

DESCRIPTION OF THE CLUB FACILITIES

The facilities provided at The Peninsula Yacht Club which are collectively referred to herein as the “Club Facilities” currently include the following:

- A clubhouse offering member dining rooms, lounge and library, an outdoor patio and deck area, a private meeting/party room, men’s and women’s dressing and shower facilities, and a ship’s store and a swimming pool (collectively, the “Social Facilities”); and
- A marina consisting of approximately 410 marina slips in varying sizes that are equipped with electricity and water hook-ups, and a fuel dock, pump-out facilities and boat launch ramp (collectively, the “Marina Facilities”).

A limited number of the marina slips will be available for use by members and other persons designated by the Club on a transient basis upon payment of applicable fees and compliance with the rules established by the Club from time to time. In addition, any marina slip that is not associated with an issued Yacht Membership may be made available by the Club for use/lease by persons who are not Club Members upon payment of all applicable fees and compliance with the rules established by the Club.

If the operation of any of the Club Facilities is prevented in whole or in part by any law, rule, regulation, order or other action adopted or taken by any federal, state or local governmental authority or by any acts of God, fire or other casualty, floods, droughts, storms, explosions, accidents, epidemics, war, civil disorders, acts of terrorism, strikes or other labor difficulties, shortages or the failure of supply of materials, labor, fuel, power, equipment, supplies or transportation, or by any other cause not reasonably within the control of the Club, whether or not specifically mentioned herein, the Club shall be excused, discharged and released from performance to the extent that the performance or obligation is so limited or prevented by such occurrence without liability of any kind.

THE CLUB MAY PROVIDE ADDITIONAL FACILITIES

The Club reserves the right to change, alter and otherwise modify the Club Facilities that may be provided at The Peninsula Yacht Club from time to time and therefore, the number, size, scope and nature of the Club Facilities are subject to change in the discretion of the Club. Membership does not create any presumption that the Club Facilities or the

services that are available at the Club from time to time will continue to be available in their current state or condition. In addition, the Club reserves the right to provide additional facilities at The Peninsula Yacht Club.

C. MEMBERSHIP PRIVILEGES

TWO CLASSIFICATIONS OF MEMBERSHIP PRIVILEGES ARE CURRENTLY AVAILABLE AT THE PENINSULA YACHT CLUB

The Club is currently offering two classifications of non-equity, non-proprietary memberships known as “Social Memberships” and “Yacht Memberships” (collectively, the “Club Memberships”). Non-equity, non-proprietary membership does not create any equity or ownership interest in the Club or the Club Facilities and does not grant any voting privileges to the Club Member. A person or entity that obtains a Social Membership is sometimes hereinafter referred to as a “Social Member” and collectively as “Social Members”, a person or entity that obtains a Yacht Membership is sometimes hereinafter referred to as a “Yacht Member” and collectively as “Yacht Members”, and a person or entity that obtains a Club Membership is sometimes hereinafter referred to as a “Club Member” and collectively as “Club Members.”

Other memberships have previously been issued at The Peninsula Yacht Club and continue to be in existence. The privileges and obligations of these previously issued memberships are governed by the terms and conditions of that Amended Membership Plan dated August 1, 2004.

The Club may also issue a limited number of Master Memberships as further described herein.

ADDITIONAL CLASSIFICATIONS OF MEMBERSHIP MAY BE MADE AVAILABLE BY THE CLUB

The Club may issue other classifications of membership in its sole discretion, including but not limited to, recallable invitational memberships on an annual, seasonal or any other basis. If additional classifications of membership are made available, the Club will establish the use privileges of the additional membership classifications, the number of memberships available and the membership fee and all other fees to be paid for these additional classifications of membership.

USE OF THE MEMBERSHIP PRIVILEGES

Club Memberships shall be issued in the name of the individual applying for membership in the Application for Membership Privileges who will be known as the “primary member” until changed in accordance with the rules established by the Club from time to time. A Club Membership allows the member identified in the Application for Membership Privileges and his/her immediate family members to use the facilities in accordance with the terms of the classification of membership selected by the member upon payment of the required membership fee and the applicable dues and other Club Fees (as hereinafter defined). As further provided herein, a Club Membership held in the name of an entity allows the designees and their immediate family members to use the facilities in accordance with the terms of the classification of membership obtained by the entity upon payment of the required membership fee and the applicable dues and other Club Fees. The primary member and designee may terminate or reinstate following termination the privileges of any immediate family member to use the facilities by delivering written notice to the Club.

The term “immediate family member(s)” shall include the spouse of the primary member or designee (i.e., a spouse legally married as recognized by the State of North Carolina) who is living in the same household as the primary member or designee, and the unmarried children of each who are under the age of twenty-three and either living in the same household as the primary member or designee or attending school on a full-time basis.

The Club currently allows a primary member or designee who is not legally married (as recognized by the State of North Carolina) to designate a non-related adult who is living in the same household as the primary member or designee on a full-time basis as a family unit (the “Designated Adult”) to use the facilities. The terms of this policy may vary from

time to time by the Club. The designation must be in writing (on a form provided by the Club and must be signed by the primary member or designee and the Designated Adult). The Designated Adult may only be changed one time during the membership year (however, the use privileges of such Designated Adult may be terminated at any time by the primary member or designee upon written notice to the Club). The primary member and designee shall be responsible for all fees and charges incurred by his/her Designated Adult and for the conduct of such Designated Adult. The opportunity for a Designated Adult to use the facilities is derived solely by virtue of being designated by the primary member or designee in accordance with this section and any such Designated Adult shall have no independent rights and/or privileges of a Club Membership, or to a Club Membership, under any circumstances whatsoever. The primary member or designee must notify the Club in writing immediately if the Designated Adult no longer qualifies and satisfies the requirements described herein. Failure to do so may result in such disciplinary action as the Club deems appropriate, in its sole discretion. Upon receipt of written notice from the primary member or designee that a Designated Adult no longer qualifies as a Designated Adult or that such primary member or designee desires to terminate use privileges of such Designated Adult, then the Club shall notify the Designated Adult that he/she shall no longer have any privileges to use the Club Facilities.

CLUB MEMBERS ARE NOT SUBJECT TO OPERATING ASSESSMENTS OR CAPITAL ASSESSMENTS

Club Members are not subject to any assessments for operating deficits incurred in the operation of the Club Facilities or for any capital improvements or other expenditures to the Club Facilities. The Club shall fund any operating deficits incurred in the operation of the Club Facilities and shall retain all operating surplus resulting from operation of the Club Facilities.

The payment of dues, fees, slip fees for Yacht Members, dining minimums (if any), a monthly service fee (if any), charges, state taxes, service charges and other personal charges that the Club may establish from time to time and are incurred at the Club Facilities (collectively, the "Club Fees") is required to obtain and maintain membership privileges at The Peninsula Yacht Club and is not considered an operating assessment or capital assessment.

MAXIMUM NUMBER OF MEMBERSHIPS AVAILABLE AT THE PENINSULA YACHT CLUB

The maximum number of outstanding dues-paying Social Memberships shall be limited to the extent of the capacity of the facilities, in the sole discretion of the Club. The maximum number of Yacht Memberships shall not exceed the number of marina slips available at the Club from time to time.

MEMBERS OBTAIN SPECIFIC MEMBERSHIP PRIVILEGES

The privileges of a Club Membership are subject to this Membership Plan, as it may be amended from time to time. The Rules and Regulations, including the services provided to Club Members and the hours of operation of the Club Facilities or any portion thereof may be changed by the Club without notice, in its sole discretion. In order to provide for the orderly administration of the Club Facilities, the Club reserves the right, from time to time, to establish and promulgate new rules and/or modify existing rules governing the Club Facilities. Upon approval by the Club, payment of the applicable membership fee and Club Fees and compliance with the Rules and Regulations established by the Club, Club Members obtain the following use privileges.

Social Membership Privileges. A Social Membership allows the use of the Social Facilities and to attend club-sponsored activities and events held by the Club on a space available basis upon payment of the applicable membership fee and Club Fees.

The Club may allow Social Members to use a marina slip that is not associated with an issued Yacht Membership on a transient basis when using the Club Facilities subject to the payment of any applicable fees and compliance with the rules established by the Club from time to time. Prior to mooring any vessel in a marina slip, the Social Member must register with the Dockmaster, who shall assign the member a vacant marina slip. Social Members utilizing vacant marina slips are not permitted to occupy such slips

overnight and are not permitted to use any electric or water connections unless the standard daily dockage rate established by the Club is paid. The Dockmaster shall have the right to move any vessel in the marina, when deemed necessary.

Yacht Membership Privileges. A Yacht Membership allows the exclusive use of a designated marina slip and the use of the Social Facilities and to attend club-sponsored activities and events held by the Club on a space available basis upon payment of the applicable membership fee, slip fee and other Club Fees.

The Club may allow a Yacht Member to change his/her designated marina slip to another marina slip, in its sole discretion. Any such request must be in writing to the Club. The Club shall maintain a reservation list for marina slips on a first-come, first-served basis as further described herein. If permitted by the Club, such Yacht Member changing to another marina slip shall pay to the Club the difference between the membership fee charged by the Club for the desired marina slip and the actual membership fee previously paid to the Club for his/her existing marina slip. However, no refunds will be made to a Yacht Member that changes to a smaller marina slip.

CLUB MEMBERSHIP MAY BE HELD IN THE NAME OF AN ENTITY

The Club may allow a Club Membership to be held in the name of an entity. If permitted, a Club Membership will be available to on-going, active, operating businesses and shall be held in the name of a company, corporation, limited liability company, partnership or other form of business ownership (collectively, the "entity"). An entity formed for the purpose of acquiring a Club Membership shall not qualify and the Club shall determine, in its sole discretion, whether a particular entity is eligible and qualifies for a Club Membership.

The entity, as the actual member and owner of the Club Membership, shall designate one person as the primary designee and may designate up to an additional three associate designees to use the membership use privileges. Immediate family members of the designee(s) may also use the facilities. The designee(s) of the membership use privileges must be an officer, director, partner, owner or employee of the entity, must submit an Application for Use Privileges and be approved by the Club. Each dues-paying designee shall be counted as one Social Membership for purposes of determining the maximum number of outstanding dues-paying Social Memberships. The entity shall be responsible for the payment of the required membership fee charged for the Club Membership obtained and such membership fee may be higher than the membership fee charged for a membership held by an individual. Each primary designee and associate designee of an entity that obtains a Social Membership shall have the same use privileges and shall pay the same Club Fees as a Social Member. Each primary designee and associate designee of an entity that obtains a Yacht Membership shall have access to a designated marina slip and the same use privileges and shall pay the same Club Fees as a Social Member. In addition, the primary designee of an entity that obtains a Yacht Membership shall pay the applicable slip fee. Both the entity and the individual designee(s) of the membership use privileges shall be jointly and severally liable for the payment of all Club Fees incurred by the designee, immediate family members and their guests.

The entity may change the designee(s) of the membership use privileges at any time during the membership year upon approval of the new designee by the Club and the payment of the applicable non-refundable change of designee fee to the Club. The change of designee fee shall be established by the Club from time to time. Prior to the change of the designee, the prior designee must return all issued use privilege cards to The Peninsula Yacht Club, the change of designee fee must be paid to the Club and the new designee must submit an Application for Use Privileges and be approved by the Club. The Club reserves the right to establish additional rules regarding a Club Membership owned by an entity, including the criteria for designating a person(s) to use the membership use privileges and the number of times the designee of the membership use privileges may be changed during any membership year.

GUEST PRIVILEGES

Club Members and designees may have limited guest privileges in accordance with the Rules and Regulations and payment of applicable guest fees established by the Club. The Club, in its sole discretion, may limit, deny or revoke guest privileges of any member or designee and limit the number of times any particular individual guest may use the facilities or any particular facility provided at The Peninsula Yacht Club during a specific period of time and limit the number of guests a member or designee may sponsor at any particular time. The Club may charge higher guest fees for unaccompanied guests (if permitted by the Club) and require that guests be accompanied by a sponsoring member or designee when using certain facilities provided at The Peninsula Yacht Club, when using the facilities during certain times of the day, when using the facilities during certain days of the week or when using the facilities during certain times of the year. Sponsoring members are responsible for the payment of all fees and charges incurred by their guests and for the conduct of their guests.

D. ELIGIBILITY FOR MEMBERSHIP PRIVILEGES

ELIGIBILITY FOR CLUB MEMBERSHIP PRIVILEGES

Club Membership at The Peninsula Yacht Club is available by invitation only. Invitations may be extended only by the Club.

The Club is currently offering the opportunity to make application for an available Club Membership to persons who desire to use the facilities and is approved for membership by the Club, in its sole discretion.

The number of Club Memberships is limited. The Club has retained the absolute right to reserve any or all memberships for sale to any person designated by the Club, in its sole discretion. Any memberships that are reserved by the Club are not considered as available memberships and the Club may not be compelled to issue a reserved membership.

THE CLUB WILL MAINTAIN A RESERVATION LIST OF PERSONS DESIRING A MEMBERSHIP IF MEMBERSHIPS IN THE DESIRED CLASSIFICATION ARE NOT AVAILABLE

There is no assurance that a membership in a particular classification of membership will be available at the time an applicant submits the Application for Membership Privileges. In order to be placed on the reservation list for an available membership, the Application for Membership Privileges must have been acted upon favorably by the Club. Once the desired classification of membership becomes available, the Club will invite the next individual with the highest priority to submit to the Club a fully completed and signed Membership Agreement, the required membership fee and all applicable Club Fees. Within each reservation list, persons shall be placed within each priority on a first-come, first-served basis.

If a Social Membership is not available, the Club will maintain a reservation list of all persons who desire such Social Membership on a first-come, first-served basis. If a Yacht Membership is not available for a desired marina slip, the Club will maintain a reservation list of all persons who desire such membership as follows: (i) first priority shall be Club Members who are in good standing; and (ii) second priority shall be persons who are not Club Members. The Club may reserve an available membership for issuance in the future and shall have no obligation to offer an available membership to persons on the reservation list at any time.

Any person placed on the reservation list may also be required to pay a reservation list deposit in such amount as may be established by the Club from time to time. A person on the reservation list shall have ten days after receiving written notice from the Club that the desired classification of membership is available to accept such membership by submitting to the Club a fully completed and signed Membership Agreement, the required membership fee charged by the Club on the date of written notice to the candidate that a membership is available (less any reservation deposit previously paid) and all applicable Club Fees. In the event the applicant fails to satisfy these requirements then he/she shall be removed from the reservation list and any reservation deposit previously

paid shall be returned. Any applicant placed on the reservation list may request in writing that the Club remove his/her name and return any reservation deposit previously paid, at any time.

E. MEMBERSHIP FEE

PERSONS DESIRING A CLUB MEMBERSHIP SHALL BE REQUIRED TO PAY A NON-REFUNDABLE MEMBERSHIP FEE TO THE CLUB

To obtain a Club Membership the applicant shall pay a non-refundable membership fee to the Club. The membership fee charged to Yacht Members shall be based on the length, width and location of the particular member's designated marina slip.

The membership fees paid to the Club may be used for any purpose determined appropriate by the Club, in its sole discretion. The amount of the membership fee and the manner of payment of the membership fee for Club Memberships shall be established by the Club from time to time, and is further described in the member's Application for Membership Privileges or Membership Agreement. The membership fee required for a membership at The Peninsula Yacht Club shall change from time to time. The Club reserves the right to discount or waive all or any part of the required membership fee, in its sole discretion. Unless otherwise provided in a member's Membership Agreement, the required membership fee shall be due in full at the time the Membership Agreement is submitted to the Club.

The membership fee to be paid for a Club Membership will be the membership fee charged on the date the applicant submits the Membership Agreement to the Club.

The Club shall charge to each member and each member shall pay any and all taxes or assessments imposed by the United States Government, the State of North Carolina or any political subdivision thereof, or any other governmental agency, on any membership fee or Club Fees paid or payable by the Club Member.

F. APPLICATION FOR MEMBERSHIP PRIVILEGES

AN APPLICATION FOR MEMBERSHIP PRIVILEGES AND MEMBERSHIP AGREEMENT MUST BE SUBMITTED TO THE CLUB

A prospective member desiring to be considered for a Club Membership must deliver to the Club a fully completed and signed Application for Membership Privileges and Membership Agreement, in the form provided by the Club, and pay to the Club the required membership fee, slip fee (if applicable) and all other applicable Club Fees when due. An Application for Membership Privileges and Membership Agreement shall not be deemed complete until all required information has been submitted to the Membership Director. Each person submitting an Application for Membership Privileges and Membership Agreement must be sponsored by an existing Club Member in good standing or a representative of the Club and attend an interview if requested by the Club.

REVIEW OF APPLICATION FOR MEMBERSHIP PRIVILEGES

The Club and/or its Membership Committee shall evaluate each Application for Membership Privileges and conduct such investigation and consideration of the applicant as it deems appropriate. The evaluation will be conducted with the intent and purpose of securing the optimum number of members with compatible social, vocational and professional attainment from all segments of the community. All applicants will be evaluated on the basis of their interest in The Peninsula Yacht Club, their financial responsibility and their compatibility with other members at The Peninsula Yacht Club. The Club, in its sole discretion, retains the right to accept or reject any or all applicants submitting an Application for Membership Privileges. Such approval of an Application for Membership Privileges may be granted or withheld in the sole discretion of the Club, provided that candidates shall be evaluated without regard to race, religion, creed, color, sex, national origin or physical disability.

In the event the Application for Membership Privileges is acted upon favorably by the Club, the Club will so notify the applicant immediately and invite the applicant to membership. If the Application for Membership Privileges is not acted upon favorably, the Club shall notify the applicant that he/she will not be invited to membership and shall refund any membership fee and other Club Fees previously paid by such applicant within ten days. The Club may refuse to consider a new Application for Membership Privileges from an applicant who is not invited to membership for a period of up to one year.

THE PRIVILEGES OF CLUB MEMBERS TO USE THE CLUB FACILITIES ARE GOVERNED ONLY BY THIS MEMBERSHIP PLAN

If approved for membership, Club Members agree to be bound by the terms and conditions of this Membership Plan, as it may be amended from time to time, agree to fully substitute the membership privileges obtained pursuant to this Membership Plan for any present or prior rights in or to use the Club Facilities and agree to release and indemnify the Club for any and all damages and personal injuries caused by their own acts or the acts of his/her immediate family members and guests as further set forth herein and in the Rules and Regulations.

CLUB MEMBERSHIP PRIVILEGES MAY NOT BE PLEDGED OR OTHERWISE USED AS COLLATERAL

Club Memberships may not be pledged or hypothecated or otherwise used as collateral or any other security for a loan from a third party lender.

G. TRANSFER OF MEMBERSHIP PRIVILEGES

TRANSFER OF CLUB MEMBERSHIPS ONLY TO THE CLUB

Club Members may not sell, transfer or otherwise assign their membership privileges. Any attempted sale, transfer or assignment not in accordance with this Membership Plan shall be of no force and effect and shall not confer any membership rights or other privileges upon any such purchaser, transferee or assignee to use the Club Facilities. Any attempt to sale, transfer or assign a Club Membership at The Peninsula Yacht Club, either voluntarily, involuntarily or by operation of law, which is not in accordance with this Membership Plan shall be null and void and no person or entity may obtain a Club Membership except as provided herein.

Club Members may not advertise or otherwise openly solicit the availability of their membership to the general public and no member may advertise their membership for sale or permit any such advertisement. If any Club Membership is publicly advertised for sale in any manner, the Club may terminate such membership immediately.

Club Members who desire to resign their membership privileges must give the Club written notice of their desire to resign membership privileges. The resignation of membership privileges must be on a form provided by the Club, which may be obtained from the Membership Office, and such written resignation should be submitted to the Membership Office. Club Members who have submitted a written resignation of membership privileges to the Club shall not be permitted to revoke and rescind such resignation of membership privileges without the prior approval of the Club, in its sole discretion. The resignation of membership privileges will become effective upon receipt of written notice of membership resignation and once the member is current on all payments of the membership fee and all Club Fees. Resigned Club Members must continue to pay the required Club Fees as they become due as further described below in the section entitled "Payment of Club Fees by Resigned Club Members", and the failure of Club Members to do so may result in termination of membership privileges and/or such other disciplinary action deemed appropriate by the Club. Club Members who have had memberships terminated by the Club shall forfeit all privileges to use the Club Facilities.

TRANSFER OF CLUB MEMBERSHIP UPON THE DEATH OF A CLUB MEMBER

Upon the death of a Club Member at The Peninsula Yacht Club, the membership shall be transferred to the primary member's surviving spouse, if any, without the payment of any additional membership fee. If the deceased member is not survived by a spouse or the surviving spouse does not desire to continue membership privileges, then the membership shall be resigned without refund of any amount. In this event the obligation to pay Club Fees associated with the deceased member's membership shall terminate on the last day of the calendar month in which the death of the Club Member occurred. The Club reserves the right, in its sole discretion, to establish such other rules as may be necessary in connection with the transfer of a membership upon the death of a member and may require the execution of such forms as may be deemed necessary by the Club from time to time.

Upon the death of a designee of a Club Membership held in the name of an entity, then the entity may designate another designee approved by the Club to use the membership privileges without the payment of any change of designee fee.

LEGAL SEPARATION OR DIVORCE OF MARRIED CLUB MEMBERS

In the event a married Club Member is legally separated or divorced, such member's Club Membership shall remain vested in the person who is designated as the primary member in the Application for Membership Privileges, unless otherwise agreed and set forth in a written separation agreement or final divorce decree. The legally separated spouse or former spouse, as the case may be, who does not continue with the membership shall no longer have any use privileges at The Peninsula Yacht Club by virtue of such membership.

Written notice must be given to the Club designating the person who is entitled to continue with the privileges of membership immediately after the divorce or legal separation is declared final. Until written notice has been provided to the Club, each individual shall be jointly and severally responsible for the payment of all Club Fees associated with such Club Membership. The Club will not be involved in any dispute and reserves the right to suspend all membership privileges in the event of disagreement over which spouse retain the membership privileges.

The Club reserves the right, in its sole discretion, to establish such other rules as may be necessary in connection with the transfer of a membership upon the divorce or legal separation of a member and may require the execution of such forms as may be deemed necessary by the Club from time to time.

H. MEMBERSHIP FEE IS NOT REFUNDABLE

NO PORTION OF THE MEMBERSHIP FEE PAID TO THE CLUB FOR A CLUB MEMBERSHIP SHALL BE REFUNDABLE

The membership fee paid to the Club for a membership by a Club Member shall not be refundable under any circumstances.

No Club Fees paid in advance by resigned Club Members shall be refunded upon resignation or other termination of membership privileges.

I. DUES, FEES AND CHARGES

THE MEMBERSHIP YEAR OF THE CLUB IS JANUARY 1 TO DECEMBER 31

The Club's membership year will constitute the twelve-month period commencing January 1 and ending December 31, unless otherwise established by the Club.

CLUB FEES ESTABLISHED BY THE CLUB

The Club will establish the Club Fees to be paid by each member at The Peninsula Yacht Club from time to time. The amount of Club Fees payable by each member will depend upon the classification of membership selected. The Club Fees are subject to change from time to time in the sole discretion of the Club and any increase in dues or any other Club Fees (even if such increase results in an operating surplus or a reduced operating deficit) shall not be deemed an operating assessment or capital assessment. The current Club Fees are set forth on the Schedule of Dues, Fees and Charges. Although the Club does not anticipate implementing a dining minimum or monthly service fee at this time, the Club reserves the right to establish a dining minimum and/or monthly service fee at any time for Club Members. In order to properly maintain the Club Facilities and continue to offer quality facilities and services to its members, Club Fees will be based on member demand, market conditions and other pertinent factors.

Yacht Members shall pay the same dues as a Social Member and in addition, shall pay a slip fee for his/her designated marina slip. The slip fee charged to Yacht Members shall be based on the length, width and location of the particular member's designated marina slip.

The obligation to pay Club Fees is not dependent on the availability of all the facilities or the frequency of use. Repair and maintenance of the facilities and/or other occurrences may make it necessary for the Club to change hours of use or restrict the use of the facilities or to close certain facilities temporarily. The Club will not reduce or suspend Club Fees during the time when the Club Facilities, in whole or in part, are not available.

DUES AND SLIP FEES SHALL BE PAYABLE IN ADVANCE ON A MONTHLY BASIS

Although dues and slip fees are annual in nature, dues and slip fees shall be payable in advance, on or before the first day of each month during the membership year, unless otherwise established by the Club. Club Memberships obtained during a membership year shall pay prorated dues and slip fees (established by the Club). The current dues, slip fees and other Club Fees for use of the Club Facilities are set forth on the Schedule of Dues, Fees and Charges. The Club Fees are subject to change from time to time in the sole discretion of the Club.

IN CASES OF HARDSHIP, THE CLUB MAY TAKE SUCH ACTION AS IT DEEMS APPROPRIATE

The Club may waive or reduce the payment of Club Fees for a limited period of time or take any other action it deems necessary and appropriate, in hardship situations deemed appropriate by the Club, in its sole discretion. The Club has the sole authority to deal with hardship situations in any manner it deems appropriate and no action that may be taken by the Club in such hardship situations shall create precedent for similar or future circumstances.

CLUB CHARGING PRIVILEGES AND BILLING PROCEDURE FOR CLUB MEMBERS

Club Members shall have charging privileges upon approval of the Club. Monthly statements reflecting all activity including all Club Fees incurred by the Club Member and all payments received by the Club from the Club Member will be closed on the last day of each month and will normally be sent to the Club Members within five days. All statements are due and payable upon receipt and in no event later than the last day of the month in which the statement was sent. A late charge and/or interest will be added to all outstanding balances if the statement is not paid by the last day of the month. The Club may require that all Club Fees be paid through a charge account service with a bank or other financial institution. The Club shall also be entitled to collect from the member any and all costs and expenses incurred by the Club in attempting to collect any amount(s) owed to the Club, including attorneys' fees and court costs, regardless of whether legal action is filed.

PAYMENT OF CLUB FEES BY RESIGNED CLUB MEMBERS

Club Members that have resigned membership privileges shall continue to be responsible for dues, slip fees and all other Club Fees associated with their resigned membership for a period of six months after the effective date of membership resignation. The resigned member shall be permitted to use the Club Facilities during this period as long as such Club Fees continue to be paid on a current basis.

SUSPENSION AND TERMINATION OF MEMBERSHIP PRIVILEGES FOR NON-PAYMENT OF MEMBERSHIP FEE AND/OR CLUB FEES AND VIOLATION OF THE RULES AND REGULATIONS

The failure of any Club Member to timely pay Club Fees by the last day of the month, the failure to pay all amounts of the membership fee when due and/or the violation of the terms and conditions of the Plan for the Offering of Memberships or Rules and Regulations shall constitute grounds for disciplinary action deemed appropriate by the Club, including but not limited to, the suspension and/or termination of membership privileges at the Club. Subject to certain notice requirements and the opportunity to pay the outstanding balance, if a member fails to pay his/her required membership fee or Club Fees associated with the Club Membership, then the Club shall have a progressive discipline policy, including the suspension and/or termination of membership privileges. No member shall on account of any restriction, suspension or termination of membership privileges be entitled to a refund of any portion of the membership fee or Club Fees previously paid to the Club. During the suspension of membership privileges, Club Fees shall continue to accrue and must be paid in full prior to reinstatement as a member in good standing. In the event a Club Membership is terminated, then the member will no longer have any membership privileges to use the Club Facilities and shall not receive a refund of any membership fee, Club Fees or any other amount whatsoever.

In addition to all other disciplinary actions that may be taken by the Club, the Club reserves the right to place any member whose account is not paid in full by the last day of the month on a cash-only basis for any or all services and merchandise otherwise provided for credit at any time.

RESPONSIBILITY FOR CLUB MEMBERSHIP AT THE PENINSULA YACHT CLUB

Club Members are responsible for their conduct and the conduct of their immediate family members and guests when using the facilities and shall be directly and fully responsible to the Club for all property damage and/or personal injury that are caused by, and for all fees and charges incurred by, the Club Member and his/her immediate family members and guests. The Club shall not be responsible or liable for any property damage and/or personal injury occurring at the facilities, including but not limited to, those resulting from the actions of others.

THE USE OF THE CLUB FACILITIES AND THE PARTICIPATION IN ANY EVENT OR OTHER ACTIVITY HELD BY THE CLUB EITHER ON OR OFF THE CLUB FACILITIES IS UNDERTAKEN WITH KNOWLEDGE OF RISK OF POSSIBLE INJURY AND THAT SUCH USE OF THE CLUB FACILITIES INVOLVES CERTAIN RISKS, INCLUDING, BUT NOT LIMITED TO, ALL SUCH RISKS ASSOCIATED WITH BEING IN AND OTHERWISE IN CLOSE PROXIMITY TO WATER AND WATERCRAFT. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, CLUB MEMBERS AND DESIGNEES ASSUME ALL SUCH RISKS FOR SUCH MEMBER OR DESIGNEE AND HIS/HER IMMEDIATE FAMILY MEMBERS AND GUESTS AND FURTHER WAIVE AND RELEASE FOR SUCH MEMBER OR DESIGNEE AND HIS/HER IMMEDIATE FAMILY MEMBERS AND GUESTS, ANY CLAIMS OR CAUSES OF ACTION WHICH HE, SHE OR THEY MAY HAVE AGAINST PYC HOLDINGS, LLC, PYC, LLC AND THE PENINSULA YACHT CLUB AND THEIR SUCCESSORS AND ASSIGNS OR THE DIRECTORS, OFFICERS, SHAREHOLDERS, PARTNERS, MANAGERS, MEMBERS, EMPLOYEES, AFFILIATES, REPRESENTATIVES, AGENTS, HEIRS AND THE FAMILY MEMBERS OF EACH OF THEM, ARISING OUT OF PERSONAL INJURIES OR PROPERTY DAMAGE WHICH HE, SHE OR THEY MAY SUSTAIN AS A RESULT OF USING THE CLUB FACILITIES OR PARTICIPATING IN ANY EVENT OR ACTIVITY HELD BY THE PENINSULA YACHT CLUB EITHER ON OR OFF THE CLUB FACILITIES, SUCH WAIVER SPECIFICALLY INCLUDES, WITHOUT LIMITATION, ANY CLAIM OR CAUSE OF ACTION ARISING OUT OF OR

IN CONNECTION WITH ANY ACT OR OMISSION, WHETHER DUE TO NEGLIGENCE OR OTHERWISE, OF PYC HOLDINGS, LLC, PYC, LLC OR THE PENINSULA YACHT CLUB AND THEIR SUCCESSORS AND ASSIGNS OR THE DIRECTORS, OFFICERS, SHAREHOLDERS, PARTNERS, MANAGERS, MEMBERS, EMPLOYEES, AFFILIATES, REPRESENTATIVES, AGENTS, HEIRS AND THE FAMILY MEMBERS OF EACH OF THEM.

J. CLUB OPERATIONS

MANAGEMENT AND CONTROL OF THE CLUB FACILITIES AND OPERATION OF THE CLUB

The Club shall have the right to delegate, transfer or otherwise assign any or all of its rights and responsibilities for the management and operation of the Club Facilities to such persons and on such terms and conditions as the Club may determine appropriate from time to time, and the Club may retain a professional management firm to manage and operate the day-to-day affairs of the Club Facilities. The Club is responsible for the operation of the Club Facilities and has the exclusive authority to accept members, establish membership fees, Club Fees, establish rules and regulations and all policies relating to the Club Facilities and the use thereof and in general, control the management and affairs of the Club Facilities.

The Rules and Regulations, including the level of services provided to Club Members and the hours of operation of the Club Facilities or any portion thereof may be changed by the Club at any time, without notice.

Club Members are not permitted to become involved in the management and operation of the Club or the Club Facilities. Club Members have no voting privileges.

K. OTHER MEMBERSHIPS AND USE PRIVILEGES

MASTER MEMBERSHIPS

A limited number of Master Memberships may be issued to persons designated by the Club from time to time. These memberships are in addition to all other memberships to be issued at The Peninsula Yacht Club and shall be available on terms and conditions and allow such privileges as shall be established by the Club. The Master Memberships and the users of these Master Memberships may be changed at any time by the Club and a new user designated to use the membership privileges from time to time.

PROMOTIONAL USE OF THE CLUB FACILITIES, SPECIAL EVENTS AND GROUP OUTINGS

The Club has the right to use, and/or designate persons to use, any or all of the Club Facilities, for any purpose deemed appropriate by the Club, including, but not limited to, the marketing and sale of Club Memberships. The persons designated to use the Club Facilities may include, without limitation, persons who are prospective members at The Peninsula Yacht Club, persons who are involved in special events held at The Peninsula Yacht Club, and employees or agents at The Peninsula Yacht Club or of the Club and its affiliates and their guests. Any such persons designated by the Club are subject solely to approval by the Club. The use of the Club Facilities by members may be restricted and even prohibited from time to time by the Club for such purposes.

The Club shall have the right at any time to hold promotional and other special events, group outings and charitable events, including yachting regattas, at the Club Facilities, and to promote The Peninsula Yacht Club in advertisements and promotional materials by making reference to The Peninsula Yacht Club and the availability of memberships. The use of the Club Facilities by members may be restricted and even prohibited from time to time by the Club for such purposes.

USE OF OTHER CLUB FACILITIES

The Club reserves the right to enter into reciprocal use arrangements with other clubs and facilities which would allow members at The Peninsula Yacht Club to use the facilities at such other clubs and facilities and the members at such other clubs to use the facilities provided at The Peninsula Yacht Club. The terms of such use and the fees to be paid for the reciprocal use privileges will be established by the Club from time to time. Any reciprocal use privileges that may be available at any given time may be terminated at any time in the sole discretion of the Club and the Club shall not be liable in any manner whatsoever in the event any such reciprocal use privileges are terminated.

L. ACKNOWLEDGEMENT OF MEMBERSHIP PRIVILEGES

ACKNOWLEDGEMENT OF MEMBERSHIP PRIVILEGES

The Club Facilities are currently owned and/or leased and operated by PYC Holdings, LLC on a for-profit basis. Membership at The Peninsula Yacht Club is non-equity, non-proprietary and non-participatory. Club Membership does not imply any right or privilege to participate in or to administer business policies of the operation or maintenance of the Club Facilities and is not an investment in the Club or the Club Facilities and does not create any equity, ownership or proprietary interest or any prescriptive easement or other property interest of any nature in the Club, the Club Facilities or any other asset of the Club. Club Membership at The Peninsula Yacht Club allows the member to use the facilities, but does not grant to the member a vested or prescriptive right or easement to use the facilities. Club Members do not have any interest in the income of the Club and do not have the right to receive any of the Club's assets if the Club is dissolved. A member only obtains a non-exclusive revocable license to use the Club Facilities in accordance with the terms of this Membership Plan, as it may be amended from time to time.

The Club may obtain a loan from time to time and use the Club Facilities as security and collateral for repayment of any such loan and therefore, all rights and privileges of Club Members pursuant to this Membership Plan and the Membership Agreements, are subordinate to the lien of any mortgage or deed of trust encumbering the Club Facilities from time to time.

MODIFICATION AND TERMINATION OF MEMBERSHIP PLAN

The Club reserves the right to reserve memberships for persons determined solely by the Club, to discontinue operation of any or all of the Club Facilities, to change the Club Facilities available for use by Club Members, to terminate this Membership Plan at any time with or without cause, to terminate all memberships at The Peninsula Yacht Club at any time with or without cause, to terminate any particular membership (selectively, if so desired by the Club) at The Peninsula Yacht Club at any time with or without cause, to sell, lease or otherwise dispose of the Club Facilities, in whole or in part, to an equity member-owned club or to any other third party, and to sell, lease or otherwise dispose of the marina slips in a condominium form of ownership or any other form of ownership. Any such recall and termination of a membership may be selective without regard to the date of the application or may be accomplished on a last-in, first-out basis, in the sole discretion of the Club.

The Club reserves the right to amend and modify this Plan for the Offering of Memberships in any manner it deems appropriate, in the sole discretion of the Club. All Club Members agree to be bound by any changes and other modifications to this Membership Plan.

SUBSEQUENT PURCHASER OF THE CLUB FACILITIES

Any subsequent purchaser of the Club Facilities from the Club shall acquire the Club Facilities, subject to all of the terms and conditions of this Membership Plan, as it may be amended from time to time, unless this Membership Plan is terminated as described above prior to the closing of the proposed acquisition. Any sale or other transfer of the Club Facilities shall not void any Club Membership and will not provide any Club Member with the right to resign and receive a refund of any membership fee or any portion thereof. In the event the Club sells the Club Facilities to a third party or otherwise converts the Club Facilities to an equity member-owned club, the Club may

assign its rights and obligations under this Membership Plan and the Membership Agreements to the subsequent purchaser, in which event the Club shall be released from all liability under this Membership Plan and the Membership Agreements. Any such subsequent purchaser or owner of the Club Facilities shall be entitled to exercise all rights, control and interest in the Club and the Club Facilities, including the right to amend and modify this Plan for the Offering of Memberships, as if such subsequent purchaser or owner of the Club Facilities were originally the Club hereunder.

*The Peninsula Yacht Club
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