



MEMBERSHIP PLAN

PADDLES SWIM & PICKLEBALL

MEMBERSHIP PLAN OVERVIEW

MEMBERSHIP OPPORTUNITY

This Membership Plan describes the membership opportunities in Paddles Swim & Pickleball (the "Club"). The Club is a new club, located in the Chatham Park planned development community ("Community") in Pittsboro, North Carolina, featuring exceptional swimming and pickleball facilities.

MEMBERSHIP CATEGORIES

The Club currently offers one category of membership. The use privileges associated with membership are more fully described in this Membership Plan.

SPECIAL MEMBERSHIP BENEFITS

In addition to exceptional Club Facilities, membership in the Club offers a number of attractive benefits. A brief description of some of these current benefits follows and they are described in greater detail in this Membership Plan:

- **Immediate Family Privileges.** A member's immediate family, including his or her spouse and their unmarried children, under the age of 26 who are living at home, attending school on a full-time basis or in the military are entitled to membership privileges without having to pay additional membership dues. A Single dues option is available for an unmarried member who does not have children who are eligible for immediate family privileges.
- **Lessons.** The Club will offer to members a variety of swim and pickleball lessons and instructions at an additional cost.
- **No Assessments.** Members are not subject to either operating or capital assessments.
- **Club Newsletter.** Members will receive a periodic newsletter containing information about events and activities at the Club and other items of interest.
- **Website.** The Club's website located at www.PaddlesatCP.com provides members with access to important up to date club information.

CAREFULLY REVIEW ALL MEMBERSHIP DOCUMENTS

Every person who desires to obtain a membership should carefully read this Membership Plan and all the referenced documents and should seek professional advice to evaluate these documents.

RELY ONLY ON INFORMATION IN THIS MEMBERSHIP PLAN

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS OR AGREEMENTS NOT CONTAINED IN THIS MEMBERSHIP PLAN AND THE REFERENCED DOCUMENTS AND, IF GIVEN OR MADE, SUCH INFORMATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE CLUB. IN THE EVENT OF A CONFLICT BETWEEN THE TERMS OF MEMBERSHIP CONTAINED IN THE MEMBERSHIP PLAN, RULES AND REGULATIONS AND MEMBERSHIP AGREEMENT AND OTHER PRINTED MATERIALS, THE MEMBERSHIP PLAN, RULES AND REGULATIONS AND MEMBERSHIP AGREEMENT SHALL GOVERN.

MEMBERSHIPS ARE OFFERED ONLY FOR RECREATIONAL PURPOSES

MEMBERSHIPS AT THE CLUB ARE BEING OFFERED EXCLUSIVELY FOR THE PURPOSE OF PERMITTING MEMBERS THE RECREATIONAL USE OF THE CLUB FACILITIES. MEMBERSHIPS SHOULD NOT BE VIEWED AS AN INVESTMENT AND NO MEMBER SHOULD EXPECT TO DERIVE ANY ECONOMIC PROFITS FROM MEMBERSHIP AT THE CLUB.

NO FEDERAL OR STATE AUTHORITY HAS PASSED UPON OR ENDORSED THE MERITS OF THIS MEMBERSHIP PLAN.

APPLICATION PROCEDURE

Each person who desires to become a member must deliver to the Membership Director a fully completed and signed Membership Agreement, along with a payment for the required initiation fee, if applicable. In the event the agreement is not acted upon favorably, the initiation fee will be fully refunded, without interest.

MEMBERSHIP DIRECTOR AVAILABLE TO ANSWER QUESTIONS

All inquiries regarding membership in the Club or this Membership Plan and referenced documents should be directed to the Membership Director at: Paddles Swim & Pickleball, 500 Vine Parkway, Pittsboro, North Carolina 27312 or by calling (919) 674-2990. You may also visit our website at www.PaddlesatCP.com.

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MEMBERSHIP FEATURES AND FACILITIES

INTRODUCTION

This Membership Plan, the Rules and Regulations and the Membership Agreement, set forth the rights and privileges of membership in the Club.

CLUB FACILITIES

Members, their families and guests will enjoy the following exceptional "Club Facilities":

- Swimming pool with six lap lanes, plus shallow end and sun-shelf and slide; and pool deck;
- Kid pool;
- 8 pickleball courts;
- Snack bar;
- Restrooms; and
- Office.

ADDITIONAL CLUB FACILITIES

The Club may at any time, in its sole and absolute discretion, expand the Club Facilities or add additional facilities either on or off-site, as it determines appropriate from time to time. If additional facilities are added to the Club Facilities or the Club Facilities are expanded, the number of memberships issued in the Club may be increased.

OWNERSHIP AND OPERATION OF CLUB FACILITIES

Paddles LLC, a North Carolina limited liability company (the "Company"), doing business as Paddles Swim & Pickleball, owns and operates the Club Facilities.

MEMBERSHIP CATEGORIES AND PRIVILEGES

CATEGORIES OF MEMBERSHIP

The Club currently offers two categories of membership – Resident Memberships and Non-Resident Memberships. The Club may offer certain other memberships and use privileges as described in the "Other Memberships and Use Privileges" provision in this Membership Plan.

MEMBERSHIP PRIVILEGES

Resident Members and Non-Resident Members may use all the Club Facilities of the Club. Members may reserve pickleball court times starting six days in advance.

RULES AND POLICIES

In order to enhance the recreational and social pleasure of members and their guests, the Club reserves the right to establish or modify rules, regulations, policies, guidelines, or systems governing access or reservation of the Club Facilities.

NUMBER OF MEMBERSHIPS

The anticipated maximum number of memberships is 750, which may be increased or decreased based on usage of the Club Facilities by members and their guests as determined by the Club. The Club may at any time, in its sole and absolute discretion, determine the number of Resident Memberships and Non-Resident Memberships, and may further limit the number of available memberships as the Club determines appropriate from time to time.

FAMILY AND GUEST PRIVILEGES

IMMEDIATE FAMILY PRIVILEGES

A member's immediate family will be entitled to use the Club Facilities on the same basis as the member. A member's immediate family will include the member's spouse and any person the law deems is entitled to the same privileges as a spouse and their unmarried children under the age of 26 who are living at home, attending school on a full-time basis or serving in the military.

A Single dues option is available for an unmarried member who does not have children who are eligible for immediate family privileges. A member who pays Single dues does not have family privileges.

PRIVILEGES FOR INDIVIDUAL LIVING WITH MEMBER

An unmarried member living together with another individual in the same household as a family unit on a permanent basis may designate the other individual ("Significant Other") on a membership year basis to use the Club Facilities as an immediate family member. The member and the Significant Other shall be individually and jointly responsible for the payment of all charges and fees incurred by the Significant Other. The Club reserves the right to establish such fees and other rules and require the member and Significant Other to submit such information and forms as the Club deems appropriate. An unmarried member who pays Single level of dues may not designate a Significant Other to use the Club Facilities.

GUEST PRIVILEGES

Members may have accompanied guests use the Club Facilities in accordance with the Rules and Regulations of the Club and the Club's guest policies. The Club may limit the number of guests and the number of times a particular guest may use the Club Facilities during each membership year and establish time periods during which only members and their family may use the Club Facilities. The member will be responsible for the payment of charges incurred but not paid by the member's guests including any applicable daily guest fees established by the Club from time to time. Members will also be responsible for the department of their guests.

MEMBERSHIPS

RESIDENT MEMBERSHIPS

Subject to the maximum number of memberships and memberships reserved by the Club, owners of residences in the Community are eligible for Resident Memberships.

NON-RESIDENT MEMBERSHIPS

Subject to the maximum number of memberships and memberships reserved by the Club, persons who do not own residences in the Community are eligible for Non-Resident Memberships.

RESERVED MEMBERSHIPS

The Club may reserve memberships such number of memberships as the Club, in its sole and absolute discretion, determines from time to time, which the Club, in its sole and absolute discretion, may issue to any person which the Club determines appropriate at any time. The Club may not be compelled to sell any reserved membership.

OWNERSHIP OF RESIDENCES

The number of memberships is limited, and available memberships will generally be issued as determined by the Club. If a membership is made available to an initial purchaser of a residence in the Community and the initial purchaser does not apply for membership during the period of availability, the initial purchaser may apply for a membership at a later date only if one is available and not otherwise reserved and only upon payment of the initiation fee which is in effect at the time of application.

OWNERSHIP OF A RESIDENCE IN THE COMMUNITY DOES NOT GIVE ANY VESTED RIGHT OR EASEMENT, PRESCRIPTIVE OR OTHERWISE, TO USE THE CLUB FACILITIES, OR TO ACQUIRE AUTOMATICALLY A MEMBERSHIP IN THE CLUB AND DOES NOT GRANT ANY OWNERSHIP OR MEMBERSHIP INTEREST IN THE CLUB OR THE CLUB FACILITIES.

MEMBERSHIP PRIVILEGES PRIOR TO CLOSING

The Club may allow the initial purchaser of a residence in the Community to use the Club Facilities as a member prior to the closing on his or her residence. The person will be required to pay the applicable initiation fee, dues, fees and other charges established by the Club from time to time. In the event the purchaser does not timely close on the residence, the Club may terminate the membership privileges by returning to the person the initiation fee and the unused portion of any dues, fees and charges paid by the person in advance for the remainder of the membership year. In this event, a membership will thereafter be made available to the person only in the discretion of the Club.

WAITING LIST

If memberships are not available, the Club will establish a waiting list of those persons who have notified the Club in writing of their desire to purchase a membership. Property owners in the Community will have priority over non-property owners to acquire any available memberships.

MULTIPLE OWNERS OF PROPERTY

In the event a residence is owned by more than one person (other than spouses) and one of the owners acquires a Resident Membership in the Club, the Club, in its discretion, may make additional memberships available to additional owners as Non-Resident Memberships. Each additional owner of the property must acquire a Non-Resident Membership to use the Club Facilities except as a guest of a member in accordance with guest rules, policies and restrictions.

MEMBERSHIP HELD IN NAME OF LEGAL ENTITY

For the convenience of Resident Members, a membership may be held in the name of a limited liability company, corporation, partnership, trust or other form of multiple ownership (collectively, the "entity") that owns the residence. The entity must designate one individual ("designated user") who will have the right to use the membership and have family privileges. The designated user may not be changed, except the entity may change the designated user to the designated user's spouse upon the death of the designated user. The designated user must submit a Membership Agreement and will be subject to the approval of the Club. The designated user must be a bona fide director, officer, partner, shareholder, member or employee of the entity, or a beneficiary, trustee or settlor of the entity if the membership is held in the name of a trust, and must pay the required dues, fees and charges. No person other than the designated user and his or her immediate family will be entitled to simultaneously use the membership.

INITIATION FEE

INITIATION FEE REQUIRED TO ACQUIRE MEMBERSHIP

Each person who desires to acquire a membership will be required to pay a non-refundable initiation fee in the amount determined by the Club from time to time. Initiation fees are not transferable, except as specifically provided in this Membership Plan.

A member shall not be entitled to a refund of any portion of the initiation fee paid for the membership, whether after resignation, death, or otherwise, except as specifically set forth herein.

TAX CONSEQUENCES OF ACQUIRING MEMBERSHIP

The Club makes no representations and expresses no opinions regarding the federal, state or local income tax consequences of acquiring a membership or with respect to any initiation fees paid to the Club. All persons acquire their membership subject to all applicable tax laws, as the same may be amended from time to time. Accordingly, members should consult with their own tax advisors with respect to the tax consequences of any initiation fees.

TRANSFER OF MEMBERSHIP

RESIGNATION OF MEMBERSHIP

Should a member desire to resign from the Club, the member shall be required to give written notice to the Club. Resignation of a membership is irrevocable, unless otherwise determined by the Club.

TRANSFER OF MEMBERSHIP GENERALLY

A member may not transfer or sell his or her membership to any person or entity.

TRANSFER TO NEW PROPERTY WITHIN COMMUNITY

If a member sells his or her residence within the Community, and purchases another residence within the Community, the member may continue his or her membership.

TRANSFER OF MEMBERSHIP UPON DEATH OF MEMBER

Upon the death of a member, the membership will be transferred to the member's surviving spouse who acquires title to the member's residence in the Community without the payment of any additional initiation fee. If there is no surviving spouse or the surviving spouse does not desire to continue the membership, the membership will be deemed to have been resigned.

LEGAL SEPARATION OR DIVORCE

In the event of the divorce or separation of spouses having membership privileges, the membership, including all of its rights and benefits, will vest in the spouse awarded the membership by an agreement of separation or a decree of divorce or by the terms of a valid pre-nuptial agreement between the spouses. Until the award of the membership and written notice thereof is provided to the Club, both spouses will be jointly and severally liable for all dues and charges and both may continue to enjoy membership privileges so long as such amounts are timely paid. The Club reserves the right, in its sole discretion, not to transfer the membership to either spouse if the Club, in its sole discretion, is unable to determine the person who is lawfully entitled to receive the membership. In the case of divorce, if the Club has been unable to determine which spouse is legally entitled to the membership within six months after the date of the divorce decree, the membership shall automatically be deemed resigned.

DUES AND CHARGES

DUES, FEES AND CHARGES

The Club will determine the amount of dues, fees and charges to be payable by members each year. Annual dues shall be payable on an annual basis on or before the first day of each membership year, unless otherwise determined by the Club from time to time. The current dues, fees and charges for use of the Club Facilities are indicated on the Schedule of Dues, Fees and Charges. The amount of dues, fees and other charges is subject to change from time to time by the Club. Payment of dues by members is a continuing obligation of membership which is not suspended due to the closure or reduction in hours of any or all of the Club Facilities which result from acts of God, natural disasters, pestilence, weather, fires, the need to replace turf and landscaping on the Club property due to disease or other unanticipated cause, requirements imposed by governmental authorities, pandemics and any events beyond the reasonable control of the Club or inability of a member to use the membership.

NO ASSESSMENTS AGAINST MEMBERS

Members will only pay membership dues, fees and other charges established from time to time. Members will not be subject to any liability for capital or operating assessments for the costs and expenses of ownership or operation of the Club or the Club Facilities. The Company will pay all operating deficits incurred in the operation of the Club Facilities and will retain all operating revenues resulting from operation of the Club Facilities. Annual increases in dues shall not be deemed an assessment for purposes of this provision. The Club operating budget and the calculation of the dues may include a reserve for capital replacements and improvements and this shall not be deemed an assessment for purposes of this provision.

MEMBERSHIP YEAR

The Club's membership year will constitute the 12-month period commencing January 1 and ending December 31, unless otherwise established by the Club from time to time.

PAYMENT OF DUES BY RESIGNED MEMBER

A resigned member shall be obligated to continue to pay dues, fees and other charges associated with the resigned membership until the end of the membership year.

ACKNOWLEDGMENT OF MEMBERSHIP RIGHTS

MEMBERS' ACKNOWLEDGMENT

Membership in the Club permits the member to use the Club Facilities in accordance with this Membership Plan and the Rules and Regulations. Membership in the Club is not an investment in the Company or the Club Facilities and does not give a member a vested or prescriptive right or easement to use the Club Facilities. Membership in the Club does not provide a member with an equity or ownership interest or any other property interest in the Company, the Club, or the Club Facilities or any voting rights or right to review the Club's books and records. A member only acquires a revocable license to use the Club Facilities in accordance with the terms and conditions of the Membership Plan and Rules and Regulations, as the same may be amended from time to time, and the Membership Agreement. All rights and privileges of members under this Membership Plan, the Rules and Regulations and the Membership Agreement, are subordinate to the lien of any mortgage encumbering the Club Facilities from time to time.

The Club reserves the right, in its sole and absolute discretion, to terminate or modify this Membership Plan, including types of memberships, and Rules and Regulations, to recall Non-Resident Memberships on a last acquired, first recalled basis, to reserve memberships, to sell, lease, subject to liens to secure indebtedness incurred by the Club, renovate or remodel or otherwise dispose of the Club Facilities in any manner whatsoever and to any person whomsoever, to add or issue any category of membership, including but not limited to a pickleball only, pool only membership or annual or seasonal membership, modify or terminate any type, category or class of membership, to discontinue operation of any or all of the Club Facilities, to convert the Club into a member-owned club, and to make any other changes in the terms and conditions of membership or in the Club Facilities available for use by members.

In the event of termination of the Membership Plan, termination of a person's type, category or class of membership, recall of Non-Resident Membership, or the permanent discontinuance of operation of all or substantially all of the Club Facilities (a "Termination Event"), the Club will refund a percentage of the initiation fee paid by the applicable member based on the number of years that elapsed from the date that the member was admitted to the Club and the date of the Termination Event as follows: (i) less than one year: 100%; and (ii) one year or longer, but less than two years: 50%.

After a member has been a member of the Club for two years or more, the member will not be entitled to any refund of the initiation fee paid by the member upon a Termination Event. For purposes of determining the amount, if any, of the initiation fee to be refunded, the first year of membership commences on the date that the member was admitted to the Club. In the event that the Club Facilities are sold and the buyer assumes liability for the refund of the appropriate initiation fee after a Termination Event, the member shall look solely to the new owner for repayment of the initiation fee and the Company shall be released from all liability for the repayment thereof. In the event of a sale of the Club Facilities, the buyer shall take title subject to the terms and provisions of the then existing Membership Plan.

Where this Membership Plan refers to the Club taking action or having certain rights, the Company or its designees shall take such action and have such rights.

NO PLEDGE OF MEMBERSHIPS

A member may not pledge or hypothecate the membership except to the extent the lien or security interest is granted to the Club as a result of obtaining the membership privileges.

MEMBERSHIP AGREEMENT

APPLICATION PROCEDURE

Each person who desires to become a member must mail or deliver to the Membership Director a fully completed and signed Membership Agreement, along with a payment for the required initiation fee.

REVIEW OF MEMBERSHIP AGREEMENT

All applicants desiring a membership must be approved by the Club. After receiving the Membership Agreement, the Club will determine whether the applicant has satisfied the relevant conditions of membership. In the event the Membership Agreement is not acted upon favorably, the applicant will receive a refund of any amount previously paid, without interest.

RIGHTS GOVERNED BY MEMBERSHIP PLAN

The members of the Club agree to be bound by the terms and conditions of this Membership Plan and the Rules and Regulations of the Club, as amended from time to time, and the Membership Agreement, and irrevocably agree to fully substitute the membership privileges acquired pursuant to this Membership Plan, Rules and Regulations and Membership Agreement for any present, prior, or future rights in or use of the Club Facilities.

OTHER MEMBERSHIPS AND USE PRIVILEGES

DEVELOPER MEMBERSHIPS

The Club may issue Developer Memberships in the Club to such persons who are associated with the Company or the developer of the Community, as the Club determines appropriate from time to time. These Developer Memberships will be available on such terms and conditions as the Club determines appropriate and will not count toward any membership limit. Company Members have the same privileges as regular members, but will not pay initiation fees, dues or court fees but will pay for goods and services purchased at the Club.

PROMOTIONAL USE AND TOURNAMENT OR SPECIAL EVENTS

The Club will have the right to designate other persons who will not count toward membership limits, including, without limitation, officers, directors, partners, shareholders, employees and designees of the Company and its affiliates and their guests to use the Club Facilities upon such terms and conditions as may be determined from time to time by the Club. The Club will also have the right to permit prospective members and purchasers of residences in the Community to use the Club Facilities on such terms and conditions as may be determined from time to time by the Club. The Club reserves the right at any time, in its sole and absolute discretion, to restrict or to otherwise reserve in advance the Club Facilities for maintenance, pickleball tournaments, realtor events, private functions, swim team and other special events from time to time.

CLUB OPERATIONS

MANAGEMENT AND OPERATION

The Company owns the Club Facilities and will manage and operate the Club Facilities. As a result, the Company is solely responsible for the government and administration of the Club Facilities and the Club and will have the exclusive authority to accept members, set initiation fees, dues, fees, and charges, establish rules and regulations and control the management and affairs of the Club Facilities and the Club. The Club reserves the right to engage a professional management company to operate the Club Facilities.

ADVISORY BOARD AND COMMITTEES

The Club may, but shall not be required to, establish an advisory board comprised of members whose purpose includes fostering good relations between the members and management of the Club, providing the Club with input on programs, plans and activities of the Club, and advising on the Club's policies and Rules and Regulations. If established, the Company will appoint the members of the advisory board for such terms as determined by the Company, and may remove any member of the advisory board at any time in its sole and absolute discretion. The advisory board shall have no

duty or power to negotiate or otherwise act on behalf of the Club, its management or the members of the Club, and shall serve only in an advisory capacity. The management of the Club will have the final authority on all matters concerning the Club Facilities and the members of the Club. The Club may also appoint advisory committees, which will have no duty or power to negotiate or otherwise act on behalf of the Club, its management or the members.