

**By-Laws
of
Cape Breton Holding Company, Inc.**

Revised June 2012

OFFICES

- SECTION 1 - The registered office shall be the residence of the secretary or any other designee who resides in the confines of Cape Breton.
- SECTION 2 - The Company may have offices at such other places as may from time to time be determined by the Board of Directors.

STOCKHOLDER'S MEETINGS

- SECTION 3 - All meetings of the Stockholders shall be, if possible, held at the "Club House Headquarters," Cape Breton, N. J., or at other designated place or places.
- SECTION 4 - Stockholders may vote at all stockholder meetings, and whenever called by the President, either in person or by proxy. One vote only shall be permitted for each share of stock paid in full providing such share of stock shall have been issued for a period of twenty (20) days preceding the meeting exclusive of the day of the meeting and providing that the current annual fee has been paid.
- SECTION 5 - Twenty percent of the stock issued and outstanding, entitled to vote, represented by one of the holders thereof, either in person or by proxy, shall be and constitute a quorum at all meetings of the stockholders.
- SECTION 6 - The first meeting of the stockholders shall be held on the first Sunday after Memorial Day. The annual stockholders meeting will be held on the Sunday prior to the Labor Day Weekend for the election, by ballot, of the Board of Directors, or for the election of as many Directors as shall be required to fill any vacancy in the Board of Directors caused by death, resignation, removal or expiration of term, and for the transaction of any other business of the Company within the power of stockholders.
- SECTION 7 - It shall be the duty of the President, or the presiding officer of the meeting, to appoint two tellers and a judge, to distribute, collect, count and decide the ballots. The judge and tellers shall be sworn to faithfully perform their duties and shall report, in writing, to the presiding officer, who shall announce the results of the ballot.
- SECTION 8 - Special meetings of the stockholders shall, at the written request of any Director, the President, or of the stockholders owning one quarter of the capital stock issued and outstanding, be called by the Secretary by mailing a notice stating the time, place and the object of such meeting, at least ten days prior to the date of the meeting, to each stockholder at his registered address upon the records of the Company. The mailing of such notice shall constitute notification. The only business that may be conducted at said meeting, shall be that stipulated in the notice provided by the secretary, unless a majority of stockholders, in good standing, are present at the meeting.
- SECTION 9 - The Directors shall be twelve (9) in number and shall be chosen from the stockholders. They shall hold office for a term of three years, or until their successors are elected and qualified. One of the Directors must at all times be an actual resident of Cape Breton, Brick, New Jersey. Any Director who during his term of office, ceases to be a stockholder, shall forthwith cease to be a Director of the Company, and his office shall be declared vacant. Any vacancy thus occurring shall be filled in the regular manner for filling vacancies in the Board.

DIRECTORS' MEETINGS

- SECTION 10 - A majority of the Directors in office shall constitute a quorum for the purpose of transacting any business of the Company.
- SECTION II - Special meetings of the Board of Directors may be held at the call of the President or upon written request of two Directors, but at least three days written or actual notice of any special meeting shall be given each Director. The agenda or purpose of the meeting must be provided with said notice.
- SECTION 12 - The Directors may hold their meetings and keep the books of the Company, except the stock and transfer books, outside of the State of New Jersey, at such place or places as may be determined by the Board of Directors.

POWERS OF DIRECTORS

- SECTION 13 - The Board of Directors shall have the management and control of the business and property of the Company, subject to the provisions of the statute, the Certificate of Incorporation, and these By-Laws, and may exercise all the powers vested in the corporation except the sale, mortgaging, renting, or leasing of its real estate. This can be done only with approval of a majority of the stock outstanding and entitled to vote. The Board of Directors, does however, have the authority to rent the Company's real estate as part of normal operations, e.g., daily clubhouse or beach rentals.

However, the Board of Directors has the authority to issue easements to Public or Private Utilities without approval of stockholders.

OFFICERS

- SECTION 14 - The Directors shall meet and organize immediately after the annual meeting of the stockholders of the Company and shall, from among their number, elect a President, and a Vice-President. who shall hold office for a period of one year and until their successors are qualified. They may, however, be removed at any time by a vote of two-thirds of all Directors for cause deemed sufficient by the Directors after being given an opportunity to be heard.
- SECTION 15 - The Board of Directors shall also appoint a Secretary and a Treasurer (neither of whom need be members of the Board), who shall hold office for a period of one year and until their successors are appointed and qualified. They may, however, be removed at any time by a vote of two-thirds of all Directors for cause deemed sufficient by the Directors after being given an opportunity to be heard.
- SECTION 16 - The Board of Directors may also select such other agents from time to time, as they deem necessary for the proper operation of the business of the Company, which said agents need not be members of the Board of Directors or stockholders. Such agents shall be subject to removal at the pleasure of the Board.

THE PRESIDENT

- SECTION 17 - The President shall preside at the meetings of the Company, and the Board of Directors. He shall countersign all checks for the payment of money, after signing of same by the Treasurer and perform all other duties appertaining to the Office of the President. He shall have general supervision of the business of the Company, not otherwise provided for by the By-Laws, subject to the directions of the Board of Directors.

The President shall not have custody of the corporate seal of the Company, but shall sign all certificates of stock. He shall appoint such Committees as he shall deem necessary to administer the affairs of the Company.

THE VICE-PRESIDENT

SECTION 18 - The Vice-President shall perform such duties as are delegated to him by the Board of Directors, and in the absence of the President shall perform all the duties and be vested with all the powers of the President.

THE SECRETARY

SECTION 19 - The Secretary shall record and keep the minutes of the meetings of the stockholders and of the Board of Directors; send all notices of meetings; have custody of all books and other papers belonging to the Company, not pertaining to the duties of any other office. He shall conduct all correspondence of the Company and shall immediately upon request by the Board of Directors surrender all books, records and papers in his possession. He shall have custody of the corporate seal of the Company and when so directed by the President or Board of Directors shall affix the same to such written instruments as may require the same. He shall keep such exact accounts with each stockholder as will enable him at any time to furnish accurate information of the state of any such stockholder's account. Upon the acceptance of the budget, it shall become mandatory that the Secretary render an invoice to each stockholder, at their registered address, of such indebtedness to the corporation. He shall perform such other duties as may be required of him by the Board of Directors.

THE TREASURER

SECTION 20 - A. The Treasurer shall have the custody of all moneys and such securities of the Company as the Board of Directors may designate. He shall deposit and keep all moneys of the Company in one or more depositories designated by the Board of Directors and shall keep correct written accounts thereof and make reports at each meeting of the Board of Directors of his transactions during the interval from the preceding meeting of the Board of Directors. He shall keep correct written accounts of Company income and expenditures and make reports thereof at each meeting of the stockholders. He shall sign all checks and disburse the funds of the Company as may be ordered and authorized on voucher issued by the Secretary by appropriate resolution of the Board of Directors. He shall produce to the Board of Directors or their duly authorized Committees or agents at such time as they may, by resolution, designate all securities, papers, money, property and books in his custody, for inspection or audit.

He shall perform such other duties as may be required of him by the Board of Directors.

B. A financial committee shall be made up of three members of the Board of Directors, serving a one-year term, who shall appoint their own chairperson. This committee shall have administrative custody of our surplus funds. The committee shall advise the Board of Directors of any changes (+or -) to the funds.

VACANCIES

SECTION 21 - The Board of Directors shall, by a majority vote, fill all vacancies caused by death, resignation, or removal, of the President, the Vice-President, the Secretary, the Treasurer, or any of the Board, until the next regular stockholders' meeting, at which time, Section 6 pertaining to elections, shall be in force.

SECTION 22 - If any member of the Board of Directors shall be absent from three consecutive meetings, without reasons deemed satisfactory to the Board, his place shall be declared vacant and absentee notified.

DUTIES OF OFFICERS MAYBE DELEGATED

SECTION 23 - The Board of Directors may, by majority vote, delegate the powers and duties of any officer, for the time being, to any other officer, or to any Director, in the absence of the regularly elected officer, or for any other reason that may seem sufficient to the Board.

NOTICE

SECTION 24 - Any notice required to be given by these by-laws may be waived, only in writing, by the person entitled thereto.

SEAL

SECTION 25 - The Board of Directors shall provide a corporate seal which shall be of a form and design determined by the Board.

BOOKS

SECTION 26 - The Board of Directors shall supply to the Officers of the Company such books as may be required by the provisions of the Statute and by these by-laws.

STOCK

SECTION 27 - Shares of stock in the Company shall be sold only to a person or persons, construed to mean a living, human being, who, after investigation, are approved by the Board of Directors.

The stock shall not be issued until the prospective stockholder has completed the purchase of property within the boundaries of "Cape Breton." These boundaries include all existing areas plus the extension of, Van Ness Drive, Ripley Court, Hulse Landing and Taylor Drive. Any person or persons owning more than one property shall purchase a share of stock for each property owned, unless the other property consists of contiguous unimproved land, in which case only one share of stock shall be required until such time as the unimproved land shall be improved by the erection of a dwelling thereon.

A stockholder of Cape Breton Holding Company, Inc., desirous of inserting another name to his or her share of stock, must produce a photo static copy of deed to said property, showing said name appears on deed.

A sworn affidavit containing the following information will be accepted:

Date of deed to Cape Breton property.

In whose name or names.

When was deed recorded, and give Book and Page.

FORFEITURE OF STOCK

SECTION 28 - If a shareholder fails to pay his dues or any special assessment within the current fiscal year, he shall forfeit his share of stock and lose all privileges appertaining thereto. The full value of the stock and any amount held in escrow shall be forfeited and applied to the shareholder's account balance. The Board of Directors, at their discretion, if warranted by financial hardship or other considerations, may waive the forfeiture of the shareholder's share of stock.

CANCELLATION OF STOCK

SECTION 29 - Any stockholder, upon the sale of the property for which the stock was issued, must resign from the Company, by giving notice of an intention so to do to the Board of Directors and at the same time delivering his shares of stock in the Company, properly assigned to the Company, which said notice and stock shall be delivered to the Treasurer of the Company. The Treasurer shall issue a receipt therefore acknowledging said notice and that he holds the same stock in escrow upon the terms and conditions set forth in these by-laws.

The Company shall pay to the stockholder the par value of the stock in the Company, without interest, provided, however, that should there be insufficient funds in the treasury of the Company,

earmarked for repayment of stock shares, to pay for said stock, the Company shall have a period of six months from the date when said shares are delivered to the Treasurer, to raise a sufficient sum to pay the amount due to such stockholder. During such period of time, any stockholder resigning and delivering his stock, as aforesaid, shall be estopped from instituting any action, either at law or in equity for payment by the Company in redemption of said stock.

Should more than one stockholder signify an intention to resign and deliver his stock to the Treasurer in accordance with the foregoing provisions, payment shall be made for the redemption of such stock in priority order as to the time of delivery of such stock in escrow to the Treasurer.

SECTION 29A - A fully paid up member may tender his stock if he no longer wishes to be a stockholder, but he will not receive any remuneration for the tender.

FISCAL YEAR

SECTION 30 - The fiscal year of the Company shall be determined by the Board of Directors.

AMENDMENTS

SECTION 31 - These By-Laws may be amended, altered, or repealed only after having two readings at two stockholders' meetings.

By majority vote, any section or sections of the By-Laws after the second reading becomes effective.

BUDGET

SECTION 32 - The budget year shall correspond with the program year, not necessarily the fiscal year, and run from June 1st through May 31st.

The Board of Directors shall, on or about the 1st day of April in each year, prepare a budget for the ensuing budget year and a statement of the current year, copies of the same to be sent to each stockholder, with notice of the annual budget meeting, which budget is to be passed upon by the stockholders at said budget meeting, which shall be called not later than the first stockholders meeting of the season. Accompanying the budget shall be an invoice for the stockholder's proportional share of the budget. This annual service fee is due on June 1st, but must be paid by the first meeting of the stockholders or the stockholder will not be eligible to vote at that meeting. If the budget is revised at the annual budget meeting, the annual service fee will be adjusted accordingly and the stockholder shall either be billed or shall receive a refund of the difference.

The budget shall be segregated into various categories, and at the annual budget meeting, may be voted on in its entirety, or a vote be taken separately on each category.

In the event that any category listed in the budget is defeated by a majority vote of the stockholders present and voting, a discussion shall be held to attempt a revision of such category and votes shall be taken until such category meets the approval of a majority of the stockholders present and voting. The category so approved shall then be considered as a part of the budget to all intents and purposes as if it had been originally included in the budget prepared by the Board of Directors.

PENALTIES

SECTION 33 - Any member or stockholder failing to pay his or her assessment according to the said budget, shall be restricted from all rights, and privileges which would have inured to him or her had they paid their proper assessment under said budget, including forfeiture of their share of stock, until they shall have paid the same.

Any property owner who is not a shareholder shall not be entitled to any of the privileges and advantages enjoyed by a shareholder, and the yearly assessment (service fee) shall not be accepted either from such non-member property owner or the renter thereof.

Any stockholder, who fails to pay his or her service fees, including the current year, shall have no vote or voice in any of the affairs or at any meeting of the stockholders until such indebtedness is relieved.

Any homeowner that is not a share owner shall not be entitled to any of the advantages enjoyed by a shareholder, but any person renting a home on a yearly basis, in which the owner has refused to purchase a share of stock for same, or any homeowner living outside of the boundaries of Cape Breton may obtain an Associate Membership. Associate Membership may be granted after the Board of Directors has approved said application and the applicant has been sponsored by a shareholder and has paid a one time initiation fee of \$50.00 plus the current year's service fee. An Associate Member shall not have any voting rights or privileges pertaining to the assets or bylaws of the corporation. The associate membership is based on an annual approval of the Board of Directors.

CONTINGENCY AND SURPLUS FUND

- SECTION 34 -
- A. New membership fees shall go into the Escrow Fund, and all profits from transfer of stock from the \$60.00 to \$100.00 valuation, is also to go into the Escrow Fund.
 - B. At no time during any fiscal year can the Board of Directors draw more than 15% or \$5000.00 of the operating budget for any single expenditure, whichever is the lesser amount, without the consent of the majority vote of the stockholders at a regularly-called meeting, unless said expenditure has been included in the annual operating or capital budget of the Company and approved by a majority vote of the stockholders.

DEFINITIONS

SECTION 35 - As used in this document, one gender shall be deemed to include and mean either of the other two wherever necessary or appropriate and the singular number shall include the plural and vice versa.

A majority, in respect to these by-laws, is defined as one more than half.