



APPOINTMENT OF PROXY

I, _____, hereby appoint the BHA Board of Directors (or, if different from the BHA Board of Directors, the person identified below) proxy with full power of substitution to act and vote on my behalf at the adjournment of the Annual Meeting of members of the BHA to be held at Bald Head Association, Bald Head Island, North Carolina, on March 29, 2017, at 9 o'clock a.m., and at any further adjournment or adjournments of such annual meeting, as fully as the undersigned member would be entitled to act and vote if personally present. The undersigned directs the BHA Board to vote as follows:

SELECT EITHER OPTION A, OPTION B OR OPTION C. If you do not indicate option A, B or C but have signed your name below, BHA will presume this proxy to direct the BHA Board to vote as it deems appropriate.*

- _____ A. I direct the BHA Board to cast all of my votes as it deems appropriate in its discretion.
- _____ B. I direct _____ to cast all of my votes as s/he deems appropriate or as I have directed.
- _____ C. I direct the BHA Board of Directors (the "BHA Board") or agent authorized by the BHA Board to cast my votes as follows:

I. AGREEMENT AND PLAN OF MERGER WITH BALD HEAD ISLAND STAGE TWO ASSOCIATION, INC.

Bald Head Association's Board of Directors puts forth for the membership's consideration the November 4, 2016, Agreement and Plan of Merger with Bald Head Island Stage Two Association, Inc. ("Stage Two"), to take effect in January 2018. Pursuant to the Agreement and Plan of Merger, Stage Two would cease to exist and Bald Head Association would be the surviving entity.

An electronic version of the draft Agreement and Plan of Merger is found on BHA's web site at www.baldheadassociation.com/merger. Paper copies of the draft can be requested by calling 910-457-4676 x21.

RATIONALE

The covenants of BHA and Stage Two call for merger between the two associations. For more than a decade, numerous individuals and committees have examined the benefits and challenges of merging and yet for varying reasons no agreement could be solidified. BHA's Board of Directors believes now is the time to move forward with a merged association to begin planning for the island's future development through the use of consistent standards across the island. This proposed merger helps effectively and efficiently manage that build-out well into the future, while still retaining the broader mission of the BHA to advocate for its members, including owners who cannot vote in local elections. An annual dues process has been developed that is fair and equitable for all members of a merged association and the merger will

be accomplished without raising the 2017 and 2018 basic dues above the current levels of \$345/home and \$115/lot annually.

_____ I direct the BHA Board of Directors to cast my vote(s) in favor of this Agreement and Plan of Merger.

_____ I direct the BHA Board of Directors to cast my vote(s) against this Agreement and Plan of Merger.

II. UNIFIED COVENANTS FOR BALD HEAD ASSOCIATION

Bald Head Association's Board of Directors is putting before the membership for approval the proposed new Amended and Restated Declaration of Covenants for Bald Head Association (the "Unified Covenants"), a unified set of covenants which will apply to all properties which are subject to the Bald Head Association covenants or the Stage Two covenants. The Unified Covenants will take effect only upon the merger of Bald Head Association and Stage Two, and the merger will not take effect unless the memberships of both organizations approve the Unified Covenants.

An electronic version of the draft Unified Covenants for Bald Head Association is found on BHA's web site at www.baldheadassociation.com/merger. Paper copies of the draft can be requested by calling 910-457-4676 x21.

RATIONALE

Currently, the majority of properties on the island are subject to either BHA's or Stage Two's covenants. Those covenants describe the conditions that are tied to the use of the land. A committee of BHA and Stage Two representatives has unified the covenants of both organizations into one document that will cover both areas. If the Unified Covenants are approved by the membership, the next step of the process is to develop Unified Design Guidelines that will outline the basic requirements of things such as new construction, remodeling projects, tree preservation and landscaping.

_____ I direct the BHA Board of Directors to cast my vote(s) in favor of the Unified Covenants.

_____ I direct the BHA Board of Directors to cast my vote(s) against the Unified Covenants.

III. AMENDMENT TO ARTICLES OF INCORPORATION FOR BALD HEAD ASSOCIATION

The proposed Amendment to the Articles of Incorporation for Bald Head Association would change the description of properties which are subject to the authority of Bald Head Association to include, among others, properties which are located within Bald Head Island, Stage Two. The Amendment to the Articles of Incorporation will take effect only upon the merger of Bald Head Association and Stage II, and the merger will not take effect unless Bald Head Association approves the Amendment to the Articles of Incorporation.

An electronic version of the draft Amendment to the Articles is found on BHA's web site at www.baldheadassociation.com/merger. Paper copies of the draft can be requested by calling 910-457-4676 x21.

RATIONALE

BHA's Articles of Incorporation describe the organization's responsibilities and identify the properties over which BHA has jurisdiction. Currently, properties listed in the Article's Exhibit A are located in what is commonly referred to as Stage I. In order for merger to be legal, properties located in Stage Two must be added to the Exhibit A and therefore come under the authority of Bald Head Association. This amendment to the Articles will take effect only if the membership approves the merger of BHA and Stage Two.

_____ I direct the BHA Board of Directors to cast my vote(s) in favor of the Amendment to the Articles of Incorporation.

_____ I direct the BHA Board of Directors to cast my vote(s) against the Amendment to the Articles of Incorporation.

**(Members are entitled to one vote per lot. Cumulative voting is permitted. Whole numbers only, please. Any proxy previously made by the undersigned for such meeting is hereby revoked. This proxy shall be effective only for the meeting and may be revoked at any time upon written notice to the Secretary or agent authorized to tabulate votes from the undersigned member.)*

List below the BHA properties you own by Lot Number OR Street Address.

Dated: _____, 20____

Signature: _____ **Printed Name:** _____

(By signing above, I certify that I am authorized to execute this proxy on behalf of all owners of the above listed property(ies).)