

BYLAWS OF HAYWOOD KNOLLS ASSOCIATION, INC

ARTICLE I -NAME & INCORPORATION

Section 1. Name: The name and title of this corporation shall be Haywood Knolls Association Inc.

Section 2. Incorporation: This Corporation was chartered on the 25th day of April, 1986 pursuant to Chapter 55A of the General Statutes of North Carolina. It is a perpetual nonprofit company. Its registered office is 510 Starmount Lane, Hendersonville, NC 28791 and its Registered Agent is Helen B. McConnell.

Section 3. Purpose: The purposes for which the Association is organized are:

- A. To create, foster, enhance and maintain the proper and orderly development of the rights, privileges and responsibilities of homeowners in Haywood Knolls Subdivision of Henderson County, North Carolina.
- B. To develop programs and activities reflecting the interests of members and to protect those interests from adverse conditions.
- C. To promote cooperation in all matters of interest to homeowners and to facilitate and expedite better community and individual relationships.
- D. To encourage and effect social events, recreation, crafts and other similar matters of mutual interest.
- E. To encourage compliance with Haywood Knolls restrictive covenants and plat requirements.

Section 4. Definitions:

Association – The Haywood Knolls Association, Incorporated, a not-for-profit corporation chartered under the General Statutes of North Carolina.

Corporation – The Haywood Knolls Association.

Covenants – The Haywood Knolls Subdivision Covenants and Restrictions, as adopted by the Membership on September 1, 2009.

Directors – The seven voting members of the Board of Directors.

Member – A natural person residing in the Haywood Knolls Subdivision and otherwise meeting the requirements of Membership.

Membership– Any person, partnership, or corporation having an ownership interest in any platted real property in the Haywood Knolls Subdivision for which the current dues and assessments have been paid.

ARTICLE II— MEMBERSHIP

Section 1. Qualification: Any person, partnership, or corporation having an ownership interest, whether partial, joint or individual, in any platted real property in Haywood Knolls Subdivision is entitled to full Membership in the Association. Membership is qualified upon payment of annual dues and any assessments. Annual dues and assessments need be paid by only one member of a household or one owner of the premises. Although all owners of a premise are entitled to Membership in the Association, there shall be only one vote per premise for any actions requiring a vote according to the Association’s By-laws.

Section 2. Non-owner Residents: It is understood and agreed, nevertheless, that any non-owner resident be entitled and encouraged to participate in any program or activity conducted or sponsored by the Association. Such non-owner resident shall also be entitled to serve as a proxy for any owner at any meeting of the Association, as long as all applicable dues and assessments have been paid.

Section 3. Meetings of the Membership: The Annual Meeting of the Association shall be held during the month of September for the purpose of electing Officers and At Large Directors. The date, time and location of the Annual Meeting or any Special Meeting shall be announced to the Membership at least three (3) weeks prior to the meeting. Special Meetings of the Association may be called by the President, a majority of the Board of Directors, or by petition of at least 10% of the Membership. In accordance with the laws of the State of North Carolina, a quorum for the Annual Meeting or any Special Meetings shall be one-tenth (1/10) of the Membership. The business of the Association including its Annual Meeting and Meetings of the Board of Directors shall be conducted in accordance with Robert’s Rules of Order.

Section 4. Voting Rights: All voting of the Membership shall be by voting card and/or printed ballot on the basis of one vote assigned for each lot in the subdivision regardless of multiple ownership interests. If more than one person has such ownership interest, they shall determine and designate one of their number as the voting member. In the event of corporate ownership, an officer or manager shall be designated as the voting member. In the event that an owner is not able to attend a meeting requiring a

vote from the Membership, an absentee vote can be cast either by submitting the vote in writing to the Board prior to the meeting, or by assigning another individual to cast the Member's vote so long as written permission is presented to the Board prior to the call for vote.

Section 5. Termination of Membership: Any Member who has died, or resigned for any reason, or who has conveyed all rights, title and interest in the real estate which is the basis of such Membership shall not thereafter have any interest in or claim upon the property or assets of the Association or any right to vote.

Section 6. Transfer of Membership: Membership in Haywood Knolls Association, Inc. shall not be transferable or assignable to any person, partnership or corporation that is not an owner or resident of any platted real property in the Haywood Knolls Subdivision. In the event of the sale of property, Membership may be transferred to the new owner(s) providing that Membership dues and assessments are fully paid.

Section 7. Membership During "For Sale" Period: If any property owner puts his or her real estate up for sale, he or she is still responsible for the payment of annual dues and assessments regardless of whether the sale is pending or not until such time as the transfer of the property is completed.

ARTICLE III - BOARD OF DIRECTORS

Section 1. Board of Directors: The Board of Directors shall consist of seven (7) voting Members elected by the Association Membership at the Annual Meeting as provided in Article II, Section 3 of these Bylaws. The Board shall be comprised of four (4) Officers elected annually and three (3) Directors at Large elected for staggered three year terms. Only Members who are residents of the Haywood Knolls Subdivision shall serve as Officers or Directors at Large.

Section 2. Meetings of the Board of Directors: The Board shall meet at least quarterly and a quorum shall consist of four voting members. Special meetings of the Board of Directors may be called at any time by the President or upon written request of any three (3) other Directors. Such written request shall be delivered to the Secretary and shall state the specific purpose for which such special meeting is requested. In either event, the members of the Board shall be entitled to at least three (3) days prior notice. Any action required or permitted to be taken at any meeting of the Board of Directors may also be taken without a meeting if four (4) Directors consent thereto by electronic email. The written consents to each such action, and any actions taken, shall be filed with the minutes of the proceedings of the Board of Directors.

Section 3. Nominations and Election: The Nominating Committee shall submit to the Annual Meeting the name of at least one candidate for each Officer to be elected, and for each vacated Director at Large position. Nominations for Officers and Directors at Large will also be accepted from the floor. Officers and Directors at Large shall be elected by majority vote of the Membership. The Officers and Directors at Large so elected shall assume office at the end of the Annual Meeting, and shall continue in office until their successors are elected.

Section 4. Term of Service and Vacancies: The term of service for Directors at Large is three (3) years. Should any Board member retire, resign, leave office or otherwise become ineligible to continue in office, prior to the expiration of his or her term, the Board may, at its next meeting, vote to elect a temporary replacement to fill the vacancy. In the case of a vacancy for Director at Large during the first two years of that Director's term, the Membership at the next Annual Meeting shall vote to elect a Member to complete the balance of that term.

Section 5. Duties of the Board of Directors: The Board of Directors governs the business affairs of the Association. The Board is assigned the powers and duties necessary for the business administration of the Association by the By-Laws. The Board is primarily responsible for setting the annual budget, levying the association assessment, enforcing the Covenants, engaging contractors, purchasing insurance and paying applicable taxes. The Board is further charged with the responsibility of ensuring the preservation of the essential character of the subdivision through preparation and submission for Membership approval, of extensions or revisions to existing Covenants.

Section 6. Absences – If during the first two years of the term of office of a Director at Large, the Director is absent without excuse from two or more of the regularly scheduled meetings of the Board of Directors within a given year, that seat shall become vacant. The Board may vote to elect a Member as a temporary replacement until a vote of the Membership at the subsequent Annual Meeting to fill the seat for the remainder of the three year term.

Section 7. Compensation – Directors are not compensated. However, the Board may provide for the reimbursement to any Director of reasonable and necessary expenses incurred on behalf of the Association in the course of their duties as a Board member.

Section 8. Conflict of Interest – Whenever a Director at Large or Officer has a financial or personal interest in any matter coming before the Board, the affected person shall (i) fully disclose the nature of the interest and (ii) withdraw from discussion, lobbying and voting on the matter. The minutes of meetings at which such votes are taken shall record such disclosures, abstention, and the rationale for approval.

ARTICLE IV - OFFICERS

Section 1. Officers: The Officers of the Association shall consist of a President, Vice-President, Secretary, and Treasurer, all of whom shall be Members. All officers shall be elected at the Annual Meeting for a term of one (1) year and shall hold office until their successors are duly elected. No Member shall serve as President for more than three (3) consecutive years, nor any other Officer for more than five (5) consecutive years.

Section 2. Duties of the President: It shall be the duty of the President to preside over all meetings of the Board of Directors and all meetings of the Association and to have general supervision of the business affairs of the Association. The President shall sign on behalf of the Association all written contracts, deeds, mortgages, notes and other legal documents and shall perform such other duties as may be assigned by the Board of Directors.

Section 3. Duties of the Vice President: The Vice President shall act in the place and stead of the President in the event of the President's absence, inability or refusal to act, and, in such capacity, shall have all the powers and responsibilities of the President. The Vice-President shall, moreover, perform such duties as may be designated by the President and/or the Board of Directors.

Section 4. Duties of the Secretary: The Secretary shall issue notices of the meetings of the Association and the meetings of the Board of Directors and shall attend and keep accurate and complete minutes of the same; shall keep custody of the corporate seal, all corporate books, records and papers and shall attest his or her signature on all corporate papers required to be attested. The Secretary shall maintain the Membership roster and verify Membership for any purpose requiring the vote of the Membership. In the absence or disability of the Secretary his or her duties shall be performed by such member of the Board of Directors as it shall designate.

Section 5. Duties of the Treasurer: The Treasurer shall be responsible for collecting all dues and assessments and shall be accountable for all funds of the Association; shall maintain a checking account and shall sign all checks of the Association; shall maintain such savings account or accounts as are necessary to carry out the policies of the Board; shall prepare and file all State and Federal tax filings as may be required; and shall maintain accurate and complete records of income and expenditures. In the absence or disability of the Treasurer his or her duties shall be performed by such member of the Board of Directors as it shall designate.

ARTICLE V — FINANCES

Section 1. Budget: No less than three (3) weeks prior to the Annual Meeting, the Board of Directors shall submit to the Membership an accounting of the past year's income and expenses and a proposed budget for the ensuing fiscal year for their consideration and action at the Annual Meeting. The budget is ratified unless at that meeting a majority of the Membership rejects the budget. In that event, the budget last ratified by the Membership shall be continued until such time as they ratify a subsequent budget proposed by the Board of Directors.

Section 2. Dues and Assessments: Each voting Membership shall pay each year, dues of a specified sum, which amount shall be recommended by the Board of Directors and approved by the Membership at an Annual Meeting. Any change in the amount of the annual dues shall require a simple majority vote of the Membership. No assessment shall be required of the members except on the vote of two-thirds of the voting Membership at any Annual or Special Meeting. In the event any Member shall fail to pay dues or assessments within sixty (60) days after the beginning of the fiscal year or after the date any assessment is approved, then such Member shall have no voting rights until after such amounts are paid.

Section 3. Funds: All funds of the Association shall be deposited in such financial institutions as the Board of Directors shall designate. All checks and savings account withdrawals exceeding \$300.00 shall require the signature of both the President and the Treasurer.

Section 4. Annual Audit: The books and records of the Treasurer shall be audited each year, preceding the Annual Meeting of the Membership, by a committee, no member of which shall be an Officer or Director at Large. This committee shall make its report at the Annual Meeting and such report shall be made a part of the minutes of the meeting. The fiscal year of the Association shall begin July 1.

ARTICLE VI – COMMITTEES

Section 1. Standing Committees: There shall be the following Standing Committees established to carry out such programs, activities, and objectives as shall be designated and assigned from time to time by the Board of Directors.

1. Long Range Planning Committee
2. Protective Covenants and Permitting Committee
3. Nominating Committee
4. Communications Committee
5. Community Watch Committee

Section 2. Other Committees: The Board of Directors may establish other committees from time to time for limited or special purposes as it shall determine are necessary and proper to achieve goals and purposes of Haywood Knolls Association. In addition, there may be established subcommittees of standing committees to perform limited or special functions. Members of such subcommittees may or may not be members of the parent committee.

Section 3. Service: The chairperson of every standing committee (except the Nominating Committee) when possible shall be a Director or past Director of the Association. The membership of a committee or subcommittee shall be selected by the chairperson. The chairperson shall be approved by a vote of the Board of Directors on an annual basis. All committee members serve at the pleasure of the Board of Directors.

Section 4. Long Range Planning Committee: The Long-Range Planning Committee is responsible for developing and recommending long-range goals and three-year objectives to help guide governance, program, budget and fund-raising priorities for the Association. Each year, the Long-Range Planning Committee evaluates the Association's progress toward achieving goals and three-year objectives. Based on this evaluation, the long-range budget, and on new information and changes in Haywood Knolls, the Committee will review the goals and objectives and recommend a set of new three-year tasks.

Section 5. Protective Covenants and Permitting Committee: The Protective Covenants and Permitting Committee is responsible for assuring that current Covenants and restrictions within the Haywood Knolls subdivision are consistently and fairly enforced; responding to reports of violations within a timely manner; preparing annual reports of infractions and response; and recommending to the Board of Directors for action Covenant Variance requests or Building Permit applications.

Section 6. Nominating Committee: The Nominating Committee is responsible for developing a slate of officers and board members for those positions on the Board which are expiring or have been vacated. The committee is composed of at least three Members, none of whom is a current Officer or Director at Large. The Nominating Committee shall submit their recommendations to the Board of Directors no later than two (2) months prior to the Annual Meeting.

Section 7. Communications Committee: The Communications Committee is responsible for the editing and production of the Knolls Notes and Flash Communications in conjunction with the President and Secretary; liaison with the Block Captains; website maintenance; activities for welcoming new members; maintenance and timely updates of the Association's directories; special events such as banquets and other one time Association events.

Section 8. Community Watch Committee: The Community Watch Committee is responsible for the Community Patrol efforts and developing and recommending programs to promote and improve the safety and security of the community.

Section 9. Community Organizations: From time to time, Haywood Knolls Association will form groups to assist in the maintenance of the development, to oversee activities endorsed by the Association, or to enhance the quality of life in Haywood Knolls. Such groups will be referred to as community organizations headed by chairpersons appointed by the Board. There are no term limits for the chairperson(s) or members of these groups.

ARTICLE VII – AMENDMENTS

These By-laws may be amended, subject to the Articles of Incorporation and the laws of North Carolina, at any Annual Meeting or any Special Meeting of the Membership called for that purpose. A copy of the proposed amendments shall be hand delivered, mailed by standard post and/or electronic email to all Members and posted on the Association's website at least three (3) weeks prior to said Annual or Special Meeting. Approval of any amendment shall require two-thirds (2/3) affirmative vote of the votes cast at the Meeting.

The By-laws may also be amended by written paper ballot without a meeting of the Membership. Upon the vote of a majority of the Board of Directors or upon petition signed by ten percent (10%) of the Membership, the proposed amendment shall be submitted to the Membership together with a paper ballot for signature and return. Should the proposed amendment fail passage under these conditions, the amendment shall be presented for discussion and vote at the subsequent Annual Meeting or a Special Meeting called for that purpose.

**Approved by unanimous vote of Board of Directors on April 27, 2014 and adopted by vote of membership at Annual Meeting June 26, 2014 to eliminate references to the position of Immediate Past President in Art.III Sec.1 and Art.IV all of Sec.6.*

**Approved by unanimous vote of Board of Directors on July 29, 2014 and adopted by vote of membership on September 13, 2014 to change the month of the Annual Meeting noted in Art.II Sec.3 from June to September.*

***Amendment changes noted above recorded September 2, 2015 at Henderson County Courthouse.*