

BY-LAWS OF
THE WILLOWS PROPERTY OWNERS ASSOCIATION, INC.
A NORTH CAROLINA NON-PROFIT CORPORATION
UNDER THE LAWS OF THE
STATE OF NORTH CAROLINA

ARTICLE I
NAME, PURPOSE AND APPLICABILITY

1.1. Name. The name of this non-profit corporation shall be *The Willows Property Owners Association, Inc.*, hereinafter referred to as “Association”.

1.2. Purpose. The Association shall have the responsibility of administering the Planned Community, establishing the means and methods of collecting assessments for common expenses, arranging for the management of the Planned Community, enforcing the Declaration of Covenants, Conditions and Restrictions of The Willows, hereinafter referred to as “Declaration”, enforcing these By-Laws, and performing all other acts that may be required or permitted to be performed by the Association under the Chapter 47F North Carolina Planned Community Act and the Chapter 55A North Carolina Nonprofit Corporation Act.

1.3. Applicability. These By-Laws are applicable to the Planned Community known as The Willows Property Owners Association, Inc. These By-Laws are binding on all present or future Owners, tenants, guests, residents, or other persons occupying The Willows.

ARTICLE II
DEFINITIONS

The words used in these By-Laws shall be given their normal, commonly understood definitions. Capitalized terms shall have the same meaning as set forth in the Declaration of Covenants, Conditions, and Restrictions for The Willows.

ARTICLE III
OFFICES, REGISTERED AGENT, SEAL, FISCAL YEAR

3.1. Principal Office: Registered Office. The principal office and registered office of the Association shall be located at 1251 Upward Way, Waynesville, NC 28785, or such other places as the Board of Directors may designate from time to time.

3.2. Registered Agent. The Registered Agent for the Association is Christopher Shane Trantham, whose physical address is 1251 Upward Way, Waynesville, NC 28785. The mailing address for the Registered Agent is PO Box 813, Waynesville, NC 28786. The individual serving as Registered Agent may be removed from office and replaced at any time by vote of the Board of Directors of the Association.

**ARTICLE III
OFFICES, REGISTERED AGENT, SEAL, FISCAL YEAR**

3.3 Seal. The Seal of the Association shall contain the name of the Association, the word "Seal", and such other words and figures as desired by the Board of Directors. When obtained, the seal shall be impressed in the margin of the minutes of the initial meeting of the Board of Directors.

3.4 Fiscal Year. The fiscal year of the Association shall be January 1 through December 31, unless changed by resolution of the Board of Directors.

**ARTICLE IV
MEMBERSHIP AND VOTING**

4.1 Membership. As provided in the North Carolina Planned Community Act (N.C. Gen. Stat. 47F-1-101 et seq.) hereinafter referred to as the "Planned Community Act", an Owner of a Lot shall become a Member of the Association upon taking title to the Lot and shall remain a Member for the entire period of ownership. If title to a Lot is held by more than one person, the membership shall be shared in the same proportion as the title, but there shall be only one (1) membership and one (1) vote per Lot. Membership does not include persons who hold an interest merely as security for the performance of an obligation, and the giving of a security interest shall not terminate the Owner's membership. Membership shall be appurtenant to each Lot and shall be transferred automatically by conveyance of that Lot and may be transferred only in connection with the transfer of title. Each new Member shall be required to provide actual notice to the Association within ten (10) days from the date of acquisition of title to a Lot.

4.2 Voting. Per the Declaration, the Association shall have two classes of voting membership.

Class A: Class A Members shall be all Owners, with the exception of the Declarant, and shall be entitled to one vote for each Lot owned. In the event a Member owns two adjoining lots that have been combined and recorded with the Haywood County Tax Administration, Member shall be entitled to one vote. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to a Lot. In the event of disagreement among such persons, such persons shall not be recognized and such vote or votes shall not be counted. The Board may prohibit any owner from voting, either in person or by proxy, if such owner is shown on the books or management accounts of the Association to be more than sixty (60) days delinquent in any payment due the Association.

Class B: The Class B Member is Frank "Skip" P. Petzold, Jr., hereinafter referred to as "Declarant", who shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

**ARTICLE IV
MEMBERSHIP AND VOTING**

- (a) upon the sale, transfer of conveyance by Declarant to owners of ninety five percent (95%) of the Lots within all phases of The Willows subdivision or earlier at the discretion of Declarant.
- (b) on January 1, 2013.

**ARTICLE V
MEETINGS**

5.1 Annual Meeting. The regular annual meeting of the Members shall be held on the last Saturday in October, at a time and place designated by the Board of Directors.

5.2 Substitute Annual Meeting. If an annual meeting is not held on the day designated by these By-Laws, then a Substitute annual meeting shall be called in accordance with Sections 5.4 and 5.5 of this Article. A meeting so called shall be designated and treated for all purposes as an annual meeting.

5.3 Special Meetings. Special meetings of the Members for any purpose may be called at any time by the President, and shall be called upon the request of a majority of the Board of Directors, or upon the written request of Lot Owners having ten percent (10%) of the votes in the Association.

5.4 Notice of Meetings. It shall be the duty of the Secretary to mail or to cause to be delivered to the Lot Owners a notice of each annual or special meeting of the Association. Per the Declaration, notice will be given not less than thirty (30) days and not more than sixty (60) days in advance of any meeting. The notice of any meeting must state the time and place of the meeting and the items on the agenda. In the case of a special meeting, the notice of the meeting shall state specifically the purpose or purposes for which the meeting was called. The Secretary shall cause notice to be hand-delivered or sent prepaid by United States mail to the mailing address of each Lot Owner or to any other mailing address designated in writing by the Lot Owner, or sent by electronic means, including an electronic mailing address designated in writing by the Lot Owner. The mailing or delivering of a notice of meeting in the manner provided in this Section shall be considered service of notice.

5.5 Waiver of Notice. Waiver of notice of a meeting of the Owners shall be deemed the equivalent of proper notice. Any Owner may, in writing, waive notice of any meeting of the Owners, either before or after such meeting. Attendance at a meeting by an Owner, whether in person or by proxy, shall be deemed waiver by such Owner of notice of the time, date, and place thereof, unless such Owner specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted thereat, unless objection to lack of notice is raised before the business, of which proper notice was not given, is put to a vote.

ARTICLE V MEETINGS

5.6 Quorum. The presence of Owners entitled to cast two-thirds (2/3) of all the votes of either class of membership in the Association, in person or by proxy, shall constitute a quorum, unless some other quorum is required for a specific reason. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting. This provision shall continue to reduce the quorum by fifty percent (50%) from that required at the previous meeting, as previously reduced, until such time as a quorum is present and business can be conducted.

5.7 Adjournment. Any meeting of the Owners may be adjourned from time to time by the President or Chairperson or by a vote of the Owners holding the majority of the votes represented at such meeting, regardless of whether a quorum is present. Any business which could be transacted properly at the original session of the meeting may be transacted at an adjourned session, and no additional notice of such adjourned session shall be required.

5.8 Proxy. Any Member entitled to vote may do so by written proxy duly executed by the Member setting forth the meeting at which the proxy is valid. To be valid, a proxy must be filed with the Secretary prior to the opening of the meeting for which it is to be used and must be dated. No proxy shall be revocable except by written notice delivered to the Association before a meeting or, if at the meeting, to the person presiding.

5.9 Vote by Written Ballot. In accordance with Section 55A-7-08 of the North Carolina Nonprofit Corporation Act, any action that may be taken at any annual, regular, or special meeting of members may be taken without a meeting if the Association delivers by mail or otherwise a written ballot to every member entitled to vote on the matter.

5.10 Conduct and Business. The President shall preside over all meetings of the Association and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring thereto. The President may appoint a person to serve as parliamentarian at the meeting of the Association. Robert's Rules of Order (latest edition) shall govern the conduct of the meeting, when not in conflict with the Declaration, Articles of Incorporation, these By-Laws, or any ruling made by the person presiding over the meeting.

ARTICLE VI BOARD OF DIRECTORS

6.1 Composition. The affairs of the Association shall be governed by a Board of Directors. The Board shall consist of not less than three (3) or more than five (5) Directors; a majority of Directors shall be homeowners. A Member may be prohibited from being elected to the Board of Directors if such Owner is shown on the books or management accounts of the Association to be more than sixty (60) days delinquent in any payment due the Association.

**ARTICLE VI
BOARD OF DIRECTORS**

6.2 Election and Term of Office. At the first annual meeting of the members, and at each subsequent annual meeting, the Members shall elect the Directors by a majority of the votes cast in the election. The term of office for Directors shall be for three (3) years, EXCEPT FOR THE INITIAL ELECTION, commencing from the date of elections and continuing until the election of successors. The initial election of Directors and term of office is as follows:

Director #1 – term of office is for one (1) year;
Director #2 – term of office is for two (2) years;
Directors #3, #4, #5 – term of office is for three (3) years.

The election of Directors shall be staggered such that each year a new Director(s) will be elected at the annual meeting.

6.3 Nomination. Nominations for election to the Board of Directors may be made by a Nominating Committee consisting of a Chairperson, who shall be a member of the Board, and at least two (2) members of the Association. The Nominating Committee shall be appointed by the Board prior to each annual meeting of the members to serve from the close of the annual meeting until the close of the next annual meeting, and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board as it shall, in its discretion, determine; however, in no event shall the nominations be less than the number of vacancies. Nominations may also be made from the floor of the annual meeting or written in on a written ballot.

6.4 Removal of Members of the Board of Directors. At any regular or special meeting of the Association duly called at which a quorum is present, any one or more of the members of the Board of Directors may be removed, with or without cause, by at least a sixty-seven percent (67%) vote (or a majority) of all persons present and entitled to vote at such meeting and a successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the Members shall be given at least ten (10) days' notice of the calling of the meeting and the purpose thereof and shall be given an opportunity to be heard at the meeting. Additionally, any member of the Board of Directors who has been absent without an excuse from two (2) consecutive Board meetings may be removed from the Board by the vote of a majority of the Board members present at a Board meeting, a quorum being had.

6.5 Vacancies. Vacancies in the Board of Directors caused by any reason, other than the removal of a Director by a vote of the Association, shall be filled by a vote of the majority of the remaining Directors, even though less than a quorum, at any meeting of the Board of Directors. Each person so selected shall serve until a successor shall be elected at the next annual meeting of the Association to fill the unexpired portion of the term.

ARTICLE VI BOARD OF DIRECTORS

6.6 Compensation. No member of the Board shall receive any compensation from the Association for acting as such; provided, however, each Director, upon approval of the Board, shall be reimbursed for reasonable out-of-pocket expenses incurred and paid by him on behalf of the Association. It is further provided that each Director, by assuming office, waives his right to institute suit against or make claim upon the Association for compensation.

6.7 Organizational Meeting. The first meeting of a newly elected Board shall be held within ten (10) days of election at such time and place as may be determined by the Directors.

6.8 Regular Meetings. Meetings of the Board of Directors shall be held regularly at such a time and place as shall be determined from time to time by the Board. There shall be a minimum of four (4) meetings of the Board of Directors per year. Meetings of the Board may be held via conference call as long as all Directors can hear each other.

6.9 Special Meetings. Special Meetings of the Board of Directors may be called by the President on three (3) days' notice to each Director given by mail, in person, or by telephone, which notice shall state the time, place, and purpose of the meeting. Special meetings of the Board of Directors shall be called by the Vice President, Secretary, or Treasurer in like manner and on like notice on the written request of at least two (2) directors.

6.10 Waiver of Notice. Any director may, at any time, in writing, waive notice of any meeting of the Board of Directors, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board of Directors shall also constitute a waiver of notice by him of the time and place of such meeting. If all Directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

6.11 Conduct of Meetings. The President shall preside over all meetings of the Board of Directors, and the Secretary shall keep a minute book recording therein all resolutions adopted by the Board of Directors and a record of all transactions and proceedings occurring at such meetings. Robert's Rules of Order (latest edition) shall govern the conduct of the meetings of the Board of Directors when not in conflict with the Planned Community Act, the Declaration, the Articles of Incorporation, these By-Laws, or any ruling made by the person presiding over the meeting. A majority of Directors shall constitute a quorum for the transaction of business. A decision of the Board of Directors shall be by a majority of those Directors present at the duly called meeting. The President may vote.

6.12 Action Without a Meeting. Any action by the Board of Directors required or permitted to be taken at any meeting may be taken without a meeting if all of the members of the Board of Directors shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the Board of Directors. Any action taken without a meeting must be unanimously agreed upon by the Board and written consent to the action by all Directors must be filed with the minutes of the Board of Directors.

ARTICLE VI
BOARD OF DIRECTORS

6.13 Tie Votes. In the event of a tie vote by the Board of Directors, the President may, in addition to his vote as a Board member, exercise a supplemental vote to break the tie vote.

6.14 Powers and Duties. The Board of Directors shall manage the affairs of the Association and shall have all the powers and duties necessary for the administration of the Planned Community including those existing under the Declaration, the Articles of Incorporation, and these By-Laws. The Board shall have the power to adopt, modify, and repeal such reasonable rules and regulations as it deems necessary and appropriate for the governance of the Planned Community or the administration of the affairs of the Association and to impose sanctions for violations thereof, including, without limitation, monetary fines. Such powers and duties shall include but not be limited to:

- (a) Adopt and amend Rules and Regulations;
- (b) Adopt and amend budgets for revenues, expenditures, and reserves;
- (c) Collect assessments for common expenses from Lot Owners;
- (d) Hire and terminate managing agents and other employees, agents, and independent contractors;
- (e) Institute, defend, or intervene in its own name in litigation or administrative proceedings on matters affecting the Planned Community;
- (f) Make contracts, open bank accounts, and incur liabilities;
- (g) Regulate the use, maintenance, repair, replacement, and modification of common elements;
- (h) Cause additional improvements to be made as a part of the common elements;
- (i) Acquire, hold, encumber, and convey in its own name any right, title or interest to real or personal property, provided that common elements may be conveyed or subjected to a security interest only pursuant to Section 47F-3-112 of the Planned Community Act;
- (j) Grant easements, leases, licenses, and concessions through or over the common elements;
- (k) Impose and receive any payments, fees, or charges for the use, rental, or operation of the common elements and for services provided to Lot Owners;

**ARTICLE VI
BOARD OF DIRECTORS**

- (l) Impose charges for late payment of assessment and, after notice and an opportunity to be heard, levy reasonable fines for violations of the Declaration, these By-Laws, or the rules and regulations.
- (m) After notice and an opportunity to be heard, impose reasonable fines for violations of the Declaration, By-Laws, and Rules and Regulations of the Association.
- (n) Impose reasonable charges for the preparation and recordation of amendments to the Declaration or statements of unpaid assessments;
- (o) Provide for the indemnification of and maintain liability insurance for its officers, directors, employees and agents;
- (p) Borrow money and assign its right to future income, including the right to receive common expense assessments subject to approval of the purpose of the borrowing by a majority of the vote of the members of the Association;
- (q) Exercise all other powers that may be exercised in this State by legal entities of the same type as the association; and
- (r) Exercise any other powers necessary and proper for the governance and operation of the association.

6.15 Management Agent. The Board of Directors may employ for the Planned Community a professional management agent or agents, at a compensation established by the Board of Directors, to perform such duties and services as the Board of Directors shall authorize. Any management contract shall contain a termination clause permitting termination without cause and without penalty, upon no more than thirty (30) days written notice.

6.16 Additional Committees. The Board may establish such other committees as it deems desirable.

6.17 Committee Chairpersons and Members. The Board shall elect the Chairperson and approve the members of each committee established.

ARTICLE VII OFFICERS

7.1 Designation. The officers shall consist of a President, a Secretary, a Treasurer, and such Vice-Presidents, Assistant Secretaries, Assistant Treasurers, and other officers as the Board may from time to time elect. Except for the President, no officer need be a member of the Board.

7.2 Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the first meeting of the Board following each annual meeting of the members and shall hold office at the pleasure of the Board of Directors and until a successor is elected.

7.3 Removal of Officers. Upon the affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and a successor may be elected.

7.4 President. The President shall be the chief executive officer of the Association and shall preside at all meetings of the Members and of the Board of Directors. The President shall have all the general powers and duties which are incident to the office of the president of a corporation organized under the North Carolina Nonprofit Corporation Act.

7.5 Vice Presidents. The Vice Presidents, if any, in the order of their election, unless otherwise determined by the Board shall act in the President's absence and shall have all powers, duties, and responsibilities provided for the President when so acting.

7.6 Secretary. The Secretary shall keep the minutes of all meetings of the members and of the Board of Directors and shall have charge of such books and papers as the Board of Directors may direct and shall, in general, perform all duties incident to the office of the secretary of a corporation organized in accordance with North Carolina law.

7.7 Treasurer. The Treasurer shall have the responsibility for the Association's funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, for preparing all required financial statements and tax returns, and for the deposit of all monies and other valuable effects in the name of the Association or the managing agent in such depositories as may from time to time be designated by the Board of Directors.

7.8 Amendments to the By-Laws. The Board of Directors shall prepare and the President shall execute, certify, and record amendments to the Declaration and By-Laws on behalf of the Association. The Secretary shall attest to such execution and certification.

**ARTICLE VIII
INDEMNIFICATION OF OFFICERS AND DIRECTORS**

The Association shall indemnify every officer and director against any and all expenses, including legal fees, reasonably incurred by or imposed upon such officer or director in connection with any action, suit, or other proceeding (including settlement of any such action, suit, or proceeding, if approved by the then Board of Directors) to which he or she may be made a party by reason of being or having been an officer or director, whether or not such person is an officer or director at the time such expenses are incurred. The officers and directors shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance or malfeasance. The officers and directors shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the Association), and the Association shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or director, or former officer or director, may be entitled. The Association shall, as a common expense, maintain adequate general liability and, if obtainable, officers' and directors' liability insurance to fund this obligation.

**ARTICLE IX
MISCELLANEOUS**

9.1 Notices. Unless otherwise provided in these By-Laws, all notices, demands, bills, statements, or other communications under these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States mail, first class postage prepaid:

- (a) if to a Lot Owner, at the address which the Lot Owner has designated in writing and filed with the Secretary, or, if no such address has been designated, at the address of the Lot of such Owner; or
- (b) if to the Association, the Board of Directors, or the managing agent, at the principal office of the Association or the managing agent, if any, or at such other address as shall be designated in accordance with subsection (a) hereof.

9.2 Severability. The invalidity of any part of the Declaration or these By-Laws shall not impair or affect in any manner the validity, enforceability, or effect of the balance of the Declaration or these By-Laws.

9.3 Captions. The captions herein are inserted only as a matter of convenience and for reference and in no way define, limit, or describe the scope of the Declaration or these By-Laws or the intent of any provision thereof.

9.4 Gender and Grammar. The use of the masculine gender in the Declaration or these By-Laws shall be deemed to include the feminine gender, and the use of the singular shall be deemed to include the plural, whenever the context so requires.

**ARTICLE IX
MISCELLANEOUS**

9.5 Audit. A review of the accounts of the Association shall be made annually in the manner directed by the Board and the results shall be communicated to each of the members. However, after having received the Board's review at the annual meeting, the Owners may, by a majority of the total Association vote, require that the accounts of the Association be audited as a common expense by an independent accountant or certified public accountant.

9.6 Conflicts. In the event of conflicts between the North Carolina Planned Community Act, the Declaration, these By-Laws, and Board Resolutions, the Planned Community Act, the Declaration, the By-Laws, and Board Resolutions shall control, in that order.

9.7 Amendment. These By-Laws may be amended by the affirmative vote, written consent, or any combination of affirmative vote and written consent of the members holding a majority of the total votes entitled to be cast on the amendment. Notice of any meeting at which an amendment will be considered shall state that fact and the subject matter of the proposed amendment.

Special Notice: Updates were made to Section 3.1 and 3.2 to reflect the change of registered office, registered agent name and principal office as recorded with the North Carolina Secretary of State on November 9, 2022.