

BY LAWS
OF
ROSEMARY PLACE OWNERS ASSOCIATION, INC.

ARTICLE I
NAME AND LOCATION

The name of the corporation is Rosemary Place Owners Association, Inc., hereinafter referred to as the "Association." The principal office of the corporation will be located at Chapel Hill, North Carolina, but meetings of members and directors may be held at such places within the State of North Carolina, County of Orange, as may be designated by the Board of Directors.

ARTICLE II
DEFINITIONS

Section 1. "Association" will mean and refer to Rosemary Place Owners Association, Inc., its successors, and assigns.

Section 2. "Properties" will mean and refer to that certain real property described in the Declaration of Covenants, Conditions, and Restrictions, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Area" will mean all real property leased by the Association for the common use and enjoyment of the Owners.

Section 4. "Lot" will mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area.

Section 5. "Owner" will mean and refer to the record owner, whether one or more persons or entities, of the improvements to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 6. "Declarant" will mean and refer to Orange Community Housing and Land Trust, its successors and assigns if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

Section 7. "Declaration" will mean and refer to the Declaration of Covenants, Conditions, and Restrictions applicable to the Properties recorded in the Office of the Register of Deeds for Orange County, North Carolina.

Section 8. "Member" will mean and refer to those persons entitled to membership as provided in the Declaration.

ARTICLE III
GENERAL

Section 1. Purposes. The corporation is a charitable or religious corporation within the meaning of N.C. Gen. Stat. § 55A-1-40(4) in that it is organized for the purpose of operating a nonprofit townhouse owners' association.

Section 2. Earnings. No part of the net earnings of the corporation will inure to the benefit of, or be distributable to its members, trustees, officers, or other private persons, except that the corporation will be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Section 1 above.

Section 3. Activities Not Permitted. No substantial part of the activities of the corporation will be the carrying on of propaganda, or otherwise attempting to influence legislation, and the corporation will not participate in or intervene in (including the publishing or distributions of statements) any political campaign on behalf of any candidate for public office. Notwithstanding any other provision of these articles, the corporation will not carry on any other activities not permitted to be carried on (a) by a corporation exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue Law) or (b) by a corporation, contributions to which are deductible under section 170(c)(2) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue Law).

Section 4. Dissolution. Upon the dissolution of the corporation, the Board of Directors will, after paying or making provision for the payment of all of the liabilities of the corporation, dispose of all of the assets of the corporation exclusively for the purposes of the corporation in such manner, or to such organization or organizations organized and operated exclusively for charitable, educational, religious, or scientific purposes as will at the time qualify as an exempt organization or organizations under section 501(c)(3) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue Law), as the Board of Directors may determine. Any such assets not so disposed of will be disposed of by the Superior Court of the county in which the principal office of the corporation is then located, exclusively for such purposes or to such organization or organizations, as said Court will determine, which are organized and operated exclusively for such purposes.

ARTICLE IV MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the members will be held within sixty days of the date Declarant has conveyed the townhouses on seventy-five percent (75%) of the town house lots described in the Declaration to Members. Each subsequent regular annual meeting of the members will be held on the same day of the same month of each year thereafter, at the hour of 7:00 o'clock p.m. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 2. Notice of Meetings. Written notice of each meeting of the members will be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least 15 days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice will specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 3. Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-half (1/2) of the votes of each class of membership will constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If, however, such quorum will not be present or represented at any meeting, the members entitled to vote thereat will have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid will be present or be represented.

Section 4. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies will be in writing and filed with the secretary. Every proxy will be revocable and will automatically cease upon conveyance by the member of his Lot.

ARTICLE V BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1. Number. The affairs of this Association will be managed by a Board of five (5) directors.

Section 2. Term of Office. At the first annual meeting the members will elect five directors for a term of one year. At the second annual meeting, the members will elect two directors for a term of one year, one director for a term of two years, and two directors for a term of three years. At each subsequent annual meeting, the members will elect directors for a term of three years.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation, or removal of a director, his successor will be selected by the remaining members of the Board and will serve for the un-expired term of his predecessor.

Section 4. Compensation. No director will receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The directors will have the right to take any action in the absence of a meeting that they could take at a meeting by obtaining the written approval of all the directors. Any action so approved will have the same effect as though taken at a meeting of the directors.

ARTICLE VI NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nominations for election to the Board of Directors will be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee will consist of a Chairman, who will be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee will be appointed by the Board of Directors prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment will be announced at each annual meeting. The Nominating Committee will make as many nominations for election to the Board of Directors as it will in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or nonmembers.

Section 2. Election. Election to the Board of Directors will be by secret written ballot. At such election, the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes will be elected. Cumulative voting is not permitted.

ARTICLE VII MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors will be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should the meeting fall upon a legal holiday, then that meeting will be held at the same time on the next day that is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Directors will be held when called by the president of the Association, or by any two directors, after not less than three (3) days notice to each director.

Section 3. Quorum. A majority of the number of directors will constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present will be regarded as the act of the Board.

ARTICLE VIII

POWER AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors will have power to:

(A) adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;

(B) suspend the voting rights and right to use of the recreational facilities of a member during any period in which such member will be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed 60 days for infraction of published rules and regulations;

(C) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;

(D) declare the office of a member of the Board of Directors to be vacant if the member is absent from three (3) consecutive regular meetings of the Board of Directors; and

(e) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

Section 2. Duties. It will be the duty of the Board of Directors to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Class A members who are entitled to vote;

(b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) as more fully provided in the Declaration, to:

(1) fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period;

(2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

(3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the owner personally obligated to pay the same.

(d) issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate will be conclusive evidence of such payment;

(e) procure and maintain adequate liability and hazard insurance as required by the Declaration;

(f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(g) cause the Common Area to be maintained.

ARTICLE IX
OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association will be a president and vice-president, who will at all times be members of the Board of Directors, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers will take place at the first meeting of the Board of Directors following each annual meeting of the members.

Section 3. Term. The Board will elect the officers of this Association annually and each will hold office for one (1) year unless he sooner resigns or is removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom will hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the Board, the president or the secretary. Such resignation will take effect on the date of receipt of such notice or any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation will not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy will serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The same person may hold the offices of secretary and treasurer. No person will simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

(a) President: The president will preside at all meetings of the Board of Directors; will see that orders and resolutions of the Board are carried out; will sign all leases, mortgages, deeds and other written instruments and will sign all checks and promissory notes.

(b) Vice-President: The vice-president will act in the place and stead of the president in the event of his absence, inability or refusal to act, and will exercise and discharge such other duties as may be required of him by the Board.

(c) Secretary: The secretary will record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and will perform such other duties as required by the Board.

(d) Treasurer: The treasurer will receive and deposit in appropriate bank accounts all monies of the Association and will disburse such funds as directed by resolution of the Board of Directors; will co-sign all checks and promissory notes of the Association; keep proper books of account; cause an annual review of the Association books to be made by a public accountant at the completion of each fiscal year; and will prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the members.

ARTICLE X

COMMITTEES

The Association will appoint an Architectural Review Committee, as provided in the Declaration, and a Nominating Committee, as provided in these By-Laws. In addition, the Board of Directors will appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE XI BOOKS AND RECORDS

The books, records and papers of the Association will at all times, during reasonable business hours, be subject to inspection by any member. The Declaration, the Articles of Incorporation and the By-Laws of the Association will be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XII ASSESSMENTS

As more fully provided in the Declaration, each Owner is obligated to pay to the Association annual and special assessments that are secured by a continuing lien upon the property against which the assessment is made. Any assessments that are not paid when due will be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment will bear interest from the date of delinquency at the maximum rate allowed by law, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of any such action will be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

ARTICLE XIII CORPORATE SEAL

The Association will have a seal in circular form having within its circumference the words: Rosemary Place Owners Association, Inc.

ARTICLE XIV AMENDMENTS

Section 1. These by Laws may be amended, at a regular or special meeting of the members, by a vote of a majority of a quorum of members present in person or by proxy.

Section 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles will control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration will control.

ARTICLE XV MISCELLANEOUS

The fiscal year of the Association will begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year will begin on the date of incorporation.