

BYLAWS OF  
MERCY HOUSING SOUTH EAST  
A Subsidiary Corporation of Mercy Housing, Inc.

ARTICLE I  
NAME: OFFICE: AGENT

Section 1. Name. The name of this Corporation shall be MERCY HOUSING SOUTH EAST

Section 2. Office: Agent. The address of the registered office of this Corporation is 431 North Wilkinson Boulevard, Belmont, North Carolina 28012, and the name of this Corporation's registered agent is Rosalind Picôt, RSM.

ARTICLE II  
PURPOSE

Section 1. This Corporation is organized for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code, as amended, exclusively to:

- (a) Provide low income and homeless persons, potentially homeless persons or otherwise disadvantaged persons with housing facilities and educational and supportive services; and,
- (b) Contribute to the fulfillment of the purposes of Mercy Housing, Inc., a Nebraska nonprofit corporation, which is exempt from federal income tax as an organization described in Section 501 (c) (3) of the Internal Revenue Code of 1986.

Section 2. This Corporation shall be operated exclusively for educational and charitable purposes and in a manner which is consistent with and supportive of the Mission and Philosophy of its Sponsor, Mercy Housing Inc.

ARTICLE III  
MEMBERSHIP

Section 1. Member. This Corporation shall have only one member who is entitled to vote on matters relating to this Corporation, and that sole voting member shall be Mercy Housing, Inc., a Nebraska nonprofit corporation which is herein designated "Member."

Section 2. Reserved Powers of Member. The Member of this Corporation reserves unto itself the right and authority to approve certain actions as set forth in Section 3 below.

Section 3. The Member reserves to itself the right to:

- A. Approve the adoption or amendment of Mission, Philosophy, and purpose statements of this Corporation;
- B. Approve the amendment, revision or restatement of the Articles of Incorporation or Bylaws of this Corporation and any of its subsidiary corporations;
- C. Approve the merger or consolidation of this Corporation, into or with any other corporation or association, and the dissolution or otherwise wrapping up of the affairs of this Corporation;
- D. Approve the purchase, sale, lease, exchange, mortgage, pledge, encumbrance or other disposition of all, or substantially all, of the assets of this Corporation;
- E. Approve the establishment or incorporation of any new affiliated entities, organizations, or associates of this Corporation;
- F. Approve any indebtedness to be incurred by this Corporation in amounts in excess of limits to be fixed, from time to time, by the Member;
- G. Appoint or remove, with or without cause, members of the Board of Directors of this Corporation;
- H. Appoint or remove the President of this Corporation.
- I. Approve the Three Year Regional Plan of this Corporation;
- J. Approve the annual Capital and Operating Budgets for this Corporation;
- K. Approve unbudgeted expenditures to be incurred by this Corporation in amounts in excess of limits to be fixed, from time to time, by the Member;
- L. Approve the selection of the Management Agent for developments sponsored by (enter name of RDC) and/or any of its subsidiary corporations.
- M. Approve the external audit firm and approve the annual audit/review report for this Corporation.

Neither the Board of Directors, nor any officer or employee of the Corporation, shall take any action either in contradiction of any of the foregoing rights or without first having secured the necessary approvals as may be required by these Bylaws. In the exercise of its approval rights, the Member may simply grant or withhold its approval in whole or in part, or, in its complete discretion, prescribe

such other or different action as it may deem appropriate.

#### Section 4. Meetings of Member.

Section 4.1. Annual Meeting. There shall be an annual meeting of the Member of this Corporation at such time and place as determined by the Member for the purpose of appointing directors and for such other matters as are determined appropriate and necessary. Failure of the Member to take action constituting an annual meeting as set out here shall not work a forfeiture or dissolution of the Corporation or invalidate any action taken by the Board of Directors or Officers of the Corporation.

Section 4.2. Special Meetings. Special Meetings of the Member for any purpose may be called at any time by the President or Chairperson of the Member or by request of any two of the Member's Board of Directors.

Section 4.3. Notice of Meetings: Waiver. Written or printed notices stating the date, place and hour of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered either personally or by mail, not less than ten (10) nor more than fifty (50) days before the date of the meeting, by or at the direction of the President or the Secretary of the Member, or the persons calling the meeting. If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the Board of Directors of the Member with postage thereon prepaid; provided, however, such written notice may be waived by written consent of the Member through appropriate action of its Board of Directors. Attendance at any meeting of the Member's Board of Directors shall constitute a waiver of notice of such meeting, except where attendance is for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 4.4. Action without Meeting. Any action required or permitted to be taken at a meeting of the Member may be taken without a meeting, if a written consent (which may be signed in counterparts) setting forth the action to be taken is signed by all of the Board of Directors of the Member and filed with the records of the Corporation.

Section 4.5. Meetings by Telephone. Meetings of the Member sitting as a Board or in Committee may be held by telephone conference or similar communications equipment in accord with the Bylaws of the Member Corporation.

Section 4.6. Quorum. The quorum of a meeting of the Member Corporation shall be determined in accordance with the Bylaws of the Member Corporation.

### **ARTICLE IV** **BOARD OF DIRECTORS**

Section 1. General Powers. The Board of Directors shall constitute the policy making body of the

Corporation and shall have and may exercise, subject to law, the limitations imposed by the reserved rights of the Member, and the Articles of Incorporation, all control and management of property, affairs and funds of this Corporation, and the power and authority to do and perform all acts and functions on behalf of this Corporation. At least one Sister from the Sponsoring Communities shall serve on the Board of Directors.

Section 2. Number and Tenure of the Board of Directors. The Board of Directors shall consist of not less than three (3) nor more than twelve (12) members. The term of a Director will be three (3) years or until his/her successor is duly qualified and appointed. No Director shall serve for more than nine (9) consecutive years; however, after one year's absence from the Board a former Director may be re-appointed to the Board.

One-third (1/3) of the initial Directors shall serve a term of three (3) years, one-third (1/3) for two (2) years and one-third (1/3) for one (1) year. Thereafter, each director shall normally serve for three (3) years or until his/her successor is duly appointed and qualified.

Section 3. Method of Appointment. The Member shall appoint individuals to serve on the Board of Directors in accord with policy adopted, from time to time, by the Member.

Section 4. Vacancies. In the event an interim vacancy occurs on the Board of Directors, the Member shall appoint a qualified person as a member of the Board of Directors, and such person may either be independently selected by the Member or may be recommended to the Member by the Nominating Committee of the Board of Directors. Any Director so appointed shall remain a Director for the duration of his or her predecessor's unexpired term and may be reappointed in accordance with the provisions of this Article.

Three consecutive absences of a Board member shall constitute an automatic resignation from the Board.

Section 5. Removal of Directors. Any Director may be removed either with or without cause at any time by action of the Member.

Section 6. Compensation. Directors shall not receive any stated compensation for their services as a Director, but may be reimbursed for the expenses incurred in attending meetings of the Board or of any committees thereof. This Section shall not be construed to preclude any Director from serving the Corporation in any other capacity and receiving compensation for such services.

Section 7. Conflicts of Interest. If any person who is a Director or Officer of the Corporation is aware that the Corporation is about to enter into any business transaction directly or indirectly with such person, any member of such person's family, or any entity in which such person has any legal, equitable or fiduciary interest or position, including without limitation as a director, officer, shareholder, partner, beneficiary or trustee, such person shall (a) immediately inform those charged with approving the transaction on behalf of the Corporation of such person's interest or position, (b)

aid the persons charged with making the decision by disclosing any material facts within such person's knowledge that bear on the advisability of such transaction from the standpoint of the Corporation, and (c) not be entitled to vote on the decision to enter into such transaction.

Section 8. Meetings. Meetings of the Board of Directors may be held within or without the State of North Carolina.

Section 8.1. Annual Meeting. An annual meeting of the Board of Directors shall be held at a time and place as shall be designated by the Board. At the annual meeting the Board may elect officers (except that appointed by the Member) pursuant to a policy adopted by the Board.

Section 8.2. Regular Meetings. Regular meetings shall be held at least quarterly.

Section 8.3. Special Meetings. Special meetings may be called by the Chairperson of the Board or by the President of the Corporation or by two members of the Board. Special meetings shall require three (3) day's notice. The date, time and place at which said meetings will be held shall be determined by those calling the meeting.

Section 8.4. Notice. Written notice of any regular meeting of the Board of Directors shall be delivered to each Director either personally or by United States mail, at least seven (7) days prior to the date of such meeting, and such written notice shall state the date, hour and place of such meeting, and shall set forth an agenda of specific items to be discussed.

Section 8.5. Quorum. A simple majority of all duly appointed Directors shall constitute a quorum at any meeting of the Board of Directors. The act of a majority of the Directors present at a meeting where a quorum has been established shall be the act of the Board of Directors, except as otherwise required by the laws of the State of North Carolina, the Articles or these Bylaws. For purposes of quorum, discussion, voting and all other matters dependent upon a Director's presence at a regular or special meeting of the Board of Directors, a Director shall be regarded as being present at a meeting of the Board of Directors if such Director is in telephonic or video and audio contact with each of the other Directors actually present at such meeting.

Section 8.6. Action without a Meeting. Any action, required or permitted to be taken at a meeting of the Board of Directors, may be taken without a meeting if a written consent (which may be signed in counterparts), setting forth the action so taken, shall be signed by each member of the Board of Directors and filed with the records of the Corporation.

Section 8.7. Meetings by Telephone. Meetings of the Board of Directors or any committee thereof may be held by conference telephone or similar communications equipment by which all persons participating in the meeting can hear each other at the same time. Such participation shall constitute presence in person at the meeting.

Section 8.8. Reports to Member. The Board of Directors shall annually prepare and submit

to the Member an Accountability Report, the form of which shall be specified, from time to time, by the Member.

## **ARTICLE V** **OFFICERS**

Section 1. Officers of the Board. The Board of Directors shall elect a Chairperson and a Vice Chairperson of the Board of Directors from among its members. The term of the Chairperson and Vice Chairperson shall be for a period of two (2) years or until such time as their successors are duly qualified and elected. No Director shall serve more than four (4) consecutive years as Chairperson of the Board. The Chairperson shall preside over all meetings of the Board and, in the absence of the Chairperson, the Vice Chairperson shall preside over the meeting.

Section 2. Officers of the Corporation. The officers of the Corporation shall be the President, one or more Vice Presidents, a Secretary, a Treasurer and such other officers as the Board of Directors may from time to time establish. The Secretary and the Treasurer may be one and the same person. The President shall be appointed by the Member. The President shall not be a member of the Board of Directors.

Section 2.1. President. The President shall have the authority and responsibility necessary to operate the business of this Corporation in all its day-to-day activities, subject to such policies as may be adopted, and such orders as may be issued, by the Board of Directors and the Chief Executive Officer of Mercy Housing Inc. The President shall carry out those duties usually incident to the office of President. The President shall execute all documents on behalf of this Corporation unless the Board of Directors has generally or specifically delegated the authority to execute the document in question to another officer of this Corporation.

Supervision and Evaluation. The President will be selected according to the process adopted by the Member, which will include participation by the Board of Directors. Notwithstanding this elective power retained by the Member as to the President, the President shall be directly accountable to the Board of Directors and to the Chief Executive Officer of Mercy Housing Inc. for his/her supervision, appraisal, and administration of the day-to-day operations of the Corporation.

Section 2.2. Vice President of the Corporation. The Vice President shall act as President in the absence of the President, and when so acting, shall have the power and authority of the President. A Vice President shall carry out all duties delegated to him/her by the President.

Section 2.3. Secretary of the Corporation. The Secretary shall keep the minutes of all meetings, provide written notice of all meetings and copies of previous meetings in accordance with these Bylaws or as required by the laws of the State of North Carolina, and shall act as the custodian of this Corporation's records.

Section 2.4. Treasurer of the Corporation. The Treasurer shall be the principal financial officer of this Corporation and shall ensure that there is an adequate and correct accounting of the property and business transactions of this Corporation.

Section 3. Appointment. Subject to the reserved right of the Member to appoint the President, all other corporate officers shall be appointed annually by the Board of Directors.

Section 4. Removal. Any officer, other than the President, elected by the Board of Directors, may be removed at any time, for cause or without cause, by an affirmative vote of two-thirds (2/3) of all the members of the Board of Directors. The removal of the President shall be by affirmative vote of the Member in full consultation with the Board of Directors.

Section 5. Vacancy. In the event a vacancy occurs in any office other than that of the President of the Corporation, the Board of Directors shall elect, at a regular meeting or a special meeting of the Board of Directors, a person to succeed to such office.

Section 6. Surety Bonds. The Board of Directors may require any officer or agent of the Corporation to execute to the Corporation a bond in such sums and with such sureties as shall be satisfactory to the Board, conditioned upon the faithful performance of such person's duties and for the restoration to the Corporation of all books, papers, vouchers, money and other property of whatever kind which may be in such person's possession or under such person's control and belonging to the Corporation.

## **ARTICLE VI**

### **COMMITTEES OF THE BOARD**

Section 1. General. Standing committees of the Board of Directors may be appointed by the Chairperson of the Board in accordance with policies adopted from time to time by the Member. No committee shall have authority to exercise powers prohibited by statute. Members of such committees may be non-members of the Board of Directors except that the Membership of an Executive Committee and a Nominating Committee shall be comprised only of members from the Board of Directors. A simple majority shall constitute a quorum.

Section 2. Special Committees. Special committees of the Board of Directors may be appointed by the Chairperson for such special tasks as circumstances warrant. A special committee of the Board of Directors shall limit its activities to the accomplishment of the tasks for which it is appointed, shall present a written report of its activities to the Board of Directors, and shall have no power to act except as is specifically conferred on such committee by the Board of Directors. Upon completion of the task for which it is appointed, a special committee of the Board of Directors shall stand discharged.

## ARTICLE VII AFFILIATED GROUPS

The Board of Directors may authorize the formation of such auxiliary and affiliated organizations as would, in the opinion of the Board, assist in the fulfillment of the purposes of the Corporation. Subject to the reserved rights of the Member, any auxiliary or affiliated organization so authorized shall be subject to these Bylaws, and all authorizations, irrespective of their terms, shall be revocable at any time in the discretion of the Board of Directors. For any authorized auxiliary or organization, the Board of Directors shall require Bylaws, rules, and regulations setting forth the purpose, function, organization and government of said auxiliary or organization. Subject to the reserved rights of the Member, Bylaws, rules and regulations, and subsequent changes therein, changes may be recommended to the Board of Directors by said auxiliary or organization, but only those approved by the Board of Directors of this Corporation shall be effective.

## ARTICLE VIII CONTRACTS, AGREEMENTS, LEGAL INSTRUMENTS, CHECKS, DEPOSITS AND GIFTS

Section 1. Contracts, Agreements and Legal Instruments. Subject to any limitation contained in the Articles of Incorporation or in the Bylaws, the President or any Vice President of the Corporation may, in the name and on behalf of the Corporation, execute and deliver any contract or other instrument authorized in writing by the Board of Directors.

Section 2. Loans. No loan or advance shall be contracted by or on behalf of the Corporation, no negotiable paper or other evidence of its obligation under any loan or advance shall be issued in its name and no property of the Corporation shall be mortgaged, pledged, hypothecated, transferred or conveyed as security for the payment of any loan, advance indebtedness or liability of the Corporation, unless and except as authorized in writing by the Board of Directors. Any such authorization may be general or confined to specific instances but shall be in compliance with these Bylaws.

Section 3. Deposits. All funds and other valuable assets of the Corporation not otherwise employed shall be deposited from time to time to its credit in such banks or trust companies or with such bankers or other depositories as the Board of Directors may select or as from time to time may be selected by any officer or agent authorized to do so by the Board of Directors.

Section 4. Checks, Drafts, Etc. All notes, drafts, acceptances, checks, endorsements, and, subject to the provisions of these Bylaws, evidence of indebtedness of the Corporation shall be signed by such officer or officers or such agent or agents of the Corporation and in such manner as the Board of Directors from time to time may determine. Endorsements for deposit to the credit of the Corporation in any of its duly authorized depositories shall be in such manner as the Board of Directors from time to time may determine.



Section 5. Gifts. The Board of Directors may accept on behalf of the Corporation any gift, bequest or devise for the general purposes or for any special purpose of the Corporation.

## ARTICLE IX INDEMNIFICATION AND INSURANCE

Section 1. Indemnification. The Corporation shall indemnify any Director or officer or former Director or officer of the Corporation or any person who may have served at its request as a Director or officer of another corporation, against expenses actually and necessarily incurred by him/her in connection with the defense of any action, suit or proceeding in which he/she is made a party by reason of being or having been such Director or officer, except in relation to matters as to which he/she shall be adjudged in such action, suit or proceeding to be liable for negligence or misconduct in the performance of duty; but such indemnification shall not be deemed exclusive of any other rights to which such Director or officer may be entitled under the statute, bylaws, agreement, vote of the Board of Directors or otherwise.

Section 2. Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was a Director, officer or employee of the Corporation or is or was serving at the request of the Corporation as a Director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him/her and incurred by him/her in any such capacity or arising out of his/her status as such.

## ARTICLE X LIMITATION OF LIABILITY

Neither the Member, nor the Officers or Directors of this Corporation, nor any corporation affiliated with this Corporation, shall be liable for the debts and obligations of this Corporation.

## ARTICLE XI DISSOLUTION

In the event that this Corporation shall be dissolved or wound up at any time, then all of the properties, monies, and assets of this Corporation remaining after provision has been made for payment of its known debts and liabilities as provided by law, shall become the exclusive property of Mercy Housing, Inc. or other entity that is designated by Mercy Housing, Inc. and is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. In the event that Mercy Housing, Inc. no longer exists, such properties, monies, and assets of this Corporation shall be transferred exclusively to and become the property of such nonprofit funds, foundations or corporations, organized and operated exclusively for charitable or educational purposes, as are selected and designated by the Board of Directors and the Member of this Corporation; provided, however, that any such funds, foundations and/or corporations shall qualify as an exempt organization or organization under Section 501(c)(3) of the Internal Revenue Code of the United States as that Section exists or may be subsequently be amended; provided further, however, that

prior to taking any action to permit or cause the voluntary or involuntary dissolution of this Corporation, the Board of Directors shall obtain all approvals required of the Member.

**ARTICLE XII**  
**CONFIDENTIALITY**

Except as otherwise publicly disclosed, or in order to conduct appropriately the Corporation's business, the records and reports of the Corporation shall be held in confidence by those persons with access to them.

**ARTICLE XIII**  
**AMENDMENT OF BYLAWS**

These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by a two-thirds (2/3) majority vote of the Board of Directors in office at any regular or special meeting provided that such alteration, amendment, repeal or new Bylaws is approved by the Member or upon action initiated by the Member in the manner provided by law.

**ARTICLE XIV**  
**FISCAL YEAR**

The fiscal year of this Corporation shall end on June 30th of each year.

Adopted on this 1ST day of OCTOBER, 1996

MERCY HOUSING SOUTH EAST

By Aileen Murphy  
President

ATTEST:

By Patricia J. Episkumier  
Secretary

APPROVED BY MERCY HOUSING INC.

By Aileen Murphy  
President/CEO

Date 10/1/96

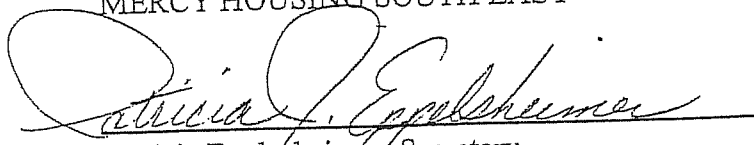
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### BYLAWS CERTIFICATE

The undersigned certifies that she is the Secretary of Mercy Housing South East, a North Carolina nonprofit corporation, and that, as such, she is authorized to execute this certificate on behalf of said corporation, and further certifies that attached hereto is a complete and correct copy of the presently effective bylaws of said corporation.

Dated: 10-1, 1996

MERCY HOUSING SOUTH EAST

  
Patricia Epplesheimer, Secretary