

## TITLE TO REAL ESTATE

(a) The corporation is formed and is intended to function as a private corporation which may be regulated by the Federal Housing Administrator and/or the Federal Housing Administration and not otherwise, except as herein expressly provided, within the meaning of Section 207 of the National Housing Act, as amended.

(b) Dwelling accommodations of the Corporation shall be rented at a maximum average rental per room per month fixed by the Board of Directors of the Corporation and approved by the holders of the Preferred Stock. A schedule of rentals for the reasonable rental value of each apartment based upon the average as so determined shall be filed with the holders of the Preferred Stock, prior to leasing or offering for lease of any of the dwelling accommodations of the project, and when approved by them, shall thereafter be maintained except as provided in Article Sixth (g) hereof.

(c) The corporation shall maintain its accommodations and the grounds and equipment appurtenant thereto in good and substantial repair and condition and shall promptly do or cause to be done all such repairs to any portion of the premises constituting its project as will preserve said premises in such good repair and condition and in such manner as may be necessary for the health and safety of its tenants, and shall not reconstruct or demolish any of the premises subject to the Mortgage herein mentioned without the prior written approval of the holders of a majority of the shares of the Preferred Stock, or make any improvement or construct any structure on said premises involving an expenditure in excess of Five Thousand (\$5,000.00) Dollars without such prior written approval: Provided, that in the event all or any of the buildings covered by the Mortgage shall be destroyed or damaged by fire or other casualty the corporation shall reconstruct or remodel said building or buildings in accordance with the original drawings and specifications, unless any departure from such drawings and specifications is authorized in writing by the holders of the majority of the shares of Preferred Stock.

(d) The corporation, its property, equipment, buildings, plans, offices, apparatus, devices, books, contracts, records, documents and papers shall be subject to examination and inspection at any reasonable time by the Administrator.

(e) The corporation shall keep its accounts, records and books according to the uniform method prescribed by the Administrator upon the issuance of the Preferred Stock and such method shall be maintained and not changed except with the consent of the holders of the Preferred Stock.

(f) The corporation shall file with the Administrator the following reports verified by the oath of such officer of the corporation as the Administrator may designate and in such form as prescribed by the Administrator:

- (1) Monthly occupancy reports;
- (2) Financial statements to be filed within thirty (30) days after the end of each dividend period;
- (3) Annual reports prepared by a certified public accountant, to be filed within sixty (60) days after the end of each fiscal year; unless otherwise required by the Administrator; and
- (4) Specific answers to questions upon which information is desired from time to time relative to the operation and condition of the property and the status of the insured Mortgage.

(g) The corporation shall not pay any compensation except for necessary services and except at such rate as is fair and reasonable in the locality for similar services. Except with the prior written approval of the Administrator, no compensation shall be paid by the corporation to the officers, directors or stockholders of the corporation, nor to any person or corporation for supervisory or managerial services, nor shall any compensation in excess of One