

Subsection 5. Dividends shall be accrued at the rate of 5% per annum and paid to holders of Preferred Stock upon redemption thereof.

ARTICLE VII. - PROVISIONS FOR
CORPORATE OPERATION

The following provisions are hereby adopted for the conduct of affairs of the Corporation and in regulation of the powers of the Corporation, the directors and stockholders:

Section 1.
Rental Provisions and Limitations

Immediately after the closing of the sales transaction, the corporation shall obtain written approval of the holders of the Preferred Stock of a rental schedule, establishing its maximum rental charges. No increases in charges from the rental schedule so approved shall be made except with the consent of the Preferred stockholders nor shall any charges be made by the corporation or by any other persons for any accommodations, facilities or services offered by the project in excess of those previously approved in writing by the holders of the Preferred Stock. Dwelling accommodations shall not be rented for periods of less than one month nor in excess of three years. Except with the prior approval of the Preferred stockholders, no part of the project shall be rented to any person or organization for the purpose of subrenting, nor shall the property of the corporation be rented as an entirety. Store, office, or other commercial accommodations, if any, shall be rented according to a schedule fixed by the directors and approved in writing by the holders of the Preferred Stock prior to the renting of such accommodations.

Section 2.
Reserve Fund for Replacements

Commencing on the date of the first payment toward amortization of the principal of the mortgage (unless a later date is approved in writing by the holders of the Preferred Stock), a Reserve Fund for Replacements shall be established and unless specifically waived in writing by the holders of the Preferred Stock shall be maintained by the Corporation by the allocation thereto of an amount equal to One Hundred Twenty-Eight and 80/100 (\$128.80) Dollars, and a like amount monthly thereafter. Such fund must be maintained either in the form of cash or, at the election of the Corporation, invested in obligations of, or fully guaranteed as to principal by the United States of America. The fund shall be maintained in a separate account with, and under the control of the mortgagee (or in the case of a Deed of Trust, with the beneficiary) or under the control of the mortgagee in a safe and responsible depository designated by the mortgagee. Such fund shall be for the purpose of effecting the replacement of structural elements, mechanical equipment of the project, and such other capital replacement items (as distinguished from maintenance), all of which, including any disbursements to be made in connection therewith, must be agreed to in advance in writing by the holders of the Preferred Stock.