

# Articles of Incorporation

To: The Department of State:

Commonwealth of Pennsylvania:

In compliance with the requirements of the "BUSINESS CORPORATION LAW," approved the 5<sup>th</sup> day of May, A.D. 1933, P.L. 364, as amended, the undersigned, desiring that they may be incorporated as a business corporation, do hereby certify:

1<sup>st</sup>. The name of the corporation is UNIVERSITY SQUARE NO. 2, INC.

2<sup>nd</sup>. The location and post office address of its initial registered office in this Commonwealth is 1018 Frick Building, Pittsburgh, Allegheny County, Pennsylvania.

3<sup>rd</sup>. The purpose or purposes of the corporation are:

(a) to create a corporation to provide housing for rent, or for sale, to be regulated by the Federal Housing Commissioner as to sales, charges, capital structure, and methods of operation, in the manner and for the purposes provided in Section 213 of Title II of the National Housing Act and the Administrative Rules and Regulations thereunder to enable the financing of the construction of such housing to be obtained with the assistance of mortgage insurance under the National Housing Act as amended, and as such to acquire any real estate or interest or rights therein or appurtenant thereto and any and all personal property in connection therewith. So long as any property of this corporation is encumbered by a Mortgage or Deed of Trust insured under the National Housing act or held by the Federal Housing Commissioner it shall engage in no other business than the construction and operation of a housing project:

(b) to construct, operate, maintain and improve, and to sell, convey, assign, mortgage or lease any real estate and any personal property necessary to the operation of such project;

(c) to borrow money and issue evidence of indebtedness in furtherance of any or all of the objects of its business; to secure the same by mortgage, deed of trust, pledge or other lien;

(d) to enter into, perform and carry out contracts of any kind necessary to, or in connection with, or incidental to the accomplishment of any one or more of the purposes of the corporation; and

(e) to make payments to members, stockholders, occupants of living units, or others as provided for in the by-laws and/or occupancy agreements.

4<sup>th</sup>. The term of its existence is perpetual.

5<sup>th</sup>. SECTION 1. The total amount of the authorized capital stock of the Corporation shall be 6255 shares, of which 5 shares having a par value of \$20.00 per share shall be designated as Preferred Stock, and 6250 shares having a par value of \$100.00 per share shall be designated as Common Stock.

SECTION 2. (1) Upon insurance by the Commissioner of a certain Mortgage or Deed of Trust (hereinafter called the Mortgage) said Preferred Stock shall be issued to the Federal Housing Administration or to its designated representatives, and delivered to the Federal Housing Commissioner in order that the Commissioner, in connection with the insurance of said Mortgage under the National Housing Act, may regulate and restrict the Corporation as to rents or sales, charges, capital structure, rate of return and methods of operation as provided in these Articles of Incorporation and to enable the Commissioner to protect the contingent liability of the Federal Housing Administration as insurer of such mortgage. So long as said mortgage insurance shall be in effect, or the mortgage shall be held by the Commissioner, said Preferred Stock shall be held by the Commissioner or his successors and shall be registered upon the books of the Corporation in the name of the Federal Housing Administration or its nominees. During such period the Corporation shall not be required to recognize any persons other than the Administration, or representatives of the Administration, as the holders of the Preferred Stock.

(2) The Preferred Stock at any time outstanding may be redeemed by the Corporation at par, provided, however, that such stock shall be so redeemed upon, but in no event before, the termination of any contract of mortgage insurance covering any indebtedness of the Corporation by reason of the payment or prepayment of the mortgage indebtedness or the acquisition of title by the Commissioner. Preferred Stock so redeemed shall be retired and cancelled.

SECTION 3. In the event of any default by the Corporation, as hereinafter defined, and during that period of such default or at any time during the period between initial and final endorsement for mortgage insurance by the Federal Housing Commissioner whether or not a default has occurred, the holder or holders of the Preferred Stock, voting as a class and for the purpose of making effective the regulation and restriction set forth in these Articles of Incorporation, and to protect the interest of the Federal Housing Administration, shall be entitled to remove all existing directors of the Corporation and to elect a new board of directors in their stead consisting of three members, through either of the following procedures:

(1) The president or the secretary, or either of them, as may be required by law, shall, at the request in writing of the holders of record of a majority of shares of the Preferred Stock, addressed to him at the office of the Corporation and stating the purpose of the meeting, forthwith call a special meeting, to take place within ten days after such call, of the Preferred Stockholders for the purpose of removal of existing directors and officers and the election of new directors and officers. If such officer shall fail to issue a call for such meeting within three days after the receipt of such request, then the holders of a majority of the shares of the Preferred Stock may do so by giving notice as provided by law, or, if not so provided, then by giving ten days' notice of the time, place and object of the meeting by advertisement inserted in any newspaper published in the county or city in which the principal office of the Corporation is situated; or

(2) Such meeting may be called pursuant to the statutes of the jurisdiction under which the Corporation was organized, or pursuant to the statutes of the jurisdiction in which the property under the insured mortgage is situated; or

(3) Notwithstanding either of the foregoing Subsections (1) or (2), the holders of the Preferred Stock may, by waiver of notice, or by three days notice by registered mail given on behalf of the Federal Housing Commissioner, call and hold a meeting either in the offices of the Federal Housing Administration in Washington, D.C., or in the offices of the Insuring Office in the state in which the property under the insured mortgage is situated.

(4) At the meeting held pursuant to such notice or call, without regard to whether such call is issued pursuant to the provisions of Subsection (1), (2) or (3) of this Section, the holders of the Preferred Stock shall proceed to elect three new directors (the number being limited to three under either of said provisions), any or all of whom may be Preferred Stockholders, but one of whom at the discretion of the Preferred Stockholders, may be a Common Stockholder.

(5) When such default shall have been cured, and the Commissioner shall have so advised the former president or secretary to that effect, and shall have advised either of them that satisfactory evidence has been submitted to the effect that any further defaults of a similar nature will not be permitted again to recur, if within the power of the officers or stockholders to prevent the same, or if there has been no default when the mortgage note has been finally endorsed for the mortgage insurance, then the right again to elect directors of their own choosing shall be vested in the holders of the Common Stock who shall proceed to give notice to the holders of both the Common and the Preferred Stock of their intention to hold a meeting, stating the date and place of such meeting, for the purpose of removing existing directors and electing new directors.

SECTION 4. Except as otherwise provided by law or as set forth in these Articles of Incorporation, all voting rights shall be vested in the holders of the Common Stock.

SECTION 5. In the event of any voluntary or involuntary liquidation or dissolution of the Corporation, the holders of the Preferred Stock shall be entitled to receive for each share held, out of the assets of the Corporation available for distribution to its stockholders, whether from capital, surplus or earnings, an amount equal to the par value of each share held, before any distribution of such assets shall be made to the holders of the Common Stock.

6<sup>th</sup>. The value of the property with which the corporation will begin business is Five Hundred (\$500.00) Dollars.

7<sup>th</sup>. SECTION 1. 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 maintained by the Corporation by the allocation thereto of an amount equal to \$314.42 and a like amount monthly thereafter. At the election of the Corporation such Fund may be maintained in the form of cash or may be invested in obligations of, or fully guaranteed as to principal and interest by the United States of America. The fund shall be maintained in a separate account with 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, and shall at all times be under the control of the mortgagee. Such Fund shall be for the purpose of effecting the replacement of structural elements and mechanical equipment of the project and for such other purposes as may be agreed to in writing by the holders of the Preferred Stock. Disbursements from such Fund may be made only after receiving the consent in writing of the holders of the Preferred Stock.

SECTION 2. Commencing at occupancy of the project, a general operating reserve shall be established and maintained by allocation and payment thereto monthly of an amount equivalent to not less than 3% of the monthly amount otherwise chargeable to the members pursuant to their occupancy agreements. This reserve shall remain in a special account and may be in the form of a cash deposit or invested in obligations of, or fully guaranteed as to principal and interest by, the United States of America, and shall at all times be under the control of the Corporation. This cumulative reserve is intended to provide a measure of financial stability during periods of special stress and may be used to meet deficiencies from time to time as a result of delinquent payment by individual cooperators, to provide funds for the re-purchase of stock of withdrawing members and other contingencies. Disbursements totaling in excess of 20% of the total balance in the reserve as of the close of the preceding annual period may not be made during any annual period without the consent of the holders of the Preferred Stock. Reimbursements shall be made to the account upon payment of delinquencies or sale of stock for which funds were withdrawn from the reserve.

8<sup>th</sup>. 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 shareholders:

SECTION 1. The Corporation shall not without prior approval of the holders of the Preferred Stock, given in writing,

- (a) sell, assign, transfer, dispose of or encumber any real or personal property, except as specifically permitted by the terms of the mortgage;
- (b) remodel, reconstruct, demolish or subtract from the premises constituting the project and subject to the mortgage;
- (c) permit the occupancy of any of the dwelling accommodations of the Corporation except at the charges fixed by the schedule of charges provided for hereinafter;
- (d) permit occupancy of any of the dwelling accommodations of the Corporation except by a tenant-stockholder of the Corporation.
- (e) consolidate or merge the Corporation into or with any other Corporation; go into voluntary liquidation; carry into effect any plan or reorganization of the Corporation; cancel any of its shares of Preferred Stock, or effect any changes whatsoever in its capital structure; alter or amend these Articles of Incorporation; or amend its by-laws;
- (f) Fail to establish and maintain the Fund for Replacements and general operating reserve as set forth in these Articles of Incorporation;

(g) Incur liabilities (direct or contingent) which will at any time exceed in the aggregate \$21,314.00, except the indebtedness secured by the mortgage or necessarily incidental to the execution and delivery thereof;

(h) Fail to provide for the management of its housing project in a manner approved by the holders of the Preferred Stock;

(i) Invest any funds of the Corporation in any property, real, personal, or mixed, except obligations of, or fully guaranteed as to principal and interest by, the United States of America as provided in these Articles of Incorporation;

(j) Encumber or dispose of in any manner whatsoever any funds derived from the proceeds of its insured mortgage in excess of sums required to pay the applicable statutory percentage of the actual cost of legitimate obligations incurred in the construction of the physical improvements on the mortgaged property and for which mortgage funds were made available, nor fail to apply such excess funds to the reduction of the principal due under the insured mortgage.

SECTION 2. Monthly carrying charges charged to members during the initial occupancy period shall be made by the Corporation in accordance with a schedule of charges filed with and approved in writing by the holders of the Preferred Stock prior to the opening of the project for occupancy. Such charges shall be in an amount sufficient to meet the FHA estimate of cooperative management expenses, operating expense and maintenance expense, debt service, taxes, special assessments and ground rents, if any, reserves and all other expenses of the Corporation. Subsequent to the initial occupancy period, charges made by the Corporation for its accommodations shall be in accordance with a schedule of charges filed with and approved in writing by the holders of the Preferred Stock and shall be in amounts sufficient to meet the Corporation's estimate of expenses set forth in an operating budget which shall be prepared and submitted to the FHA sixty days prior to the beginning of each fiscal year. The operating budget shall set forth the anticipated income of the project and a sufficiently detailed estimate of expenses which will include separate estimates for administration expenses, operating expense, maintenance expense, utilities, hazard insurance, taxes and assessments, ground rent, interest and amortization, mortgage insurance premium, replacement reserve and operating reserve. The Corporation shall not permit occupancy of its accommodations except in accordance with a schedule of charges approved by the holders of the Preferred Stock and such schedule shall not be changed except with the written approval of the Preferred Stockholders; nor shall occupancy be permitted by the Corporation except upon the execution of an occupancy agreement in a form approved by the holders of the Preferred Stock. The property of the Corporation shall not be rented as an entirety. Commercial accommodations and non-dwelling facilities, if any, shall be rented only according to a schedule of charges fixed by the directors and approved in writing by the holders of the Preferred Stock.

SECTION 3. During the period between initial and final endorsement for mortgage insurance by the Federal Housing Administration, no compensation or fee shall be paid nor obligation therefore incurred by the Corporation except with the prior written approval of the holders of the Preferred Stock. Thereafter no compensation or fee shall be paid by the Corporation except for necessary services and except at such rate as is fair and reasonable in the locality for similar services, nor, except with the prior written approval of the holders of the Preferred Stock, shall any compensation be paid by the Corporation to its officers, directors or stockholders, or to any person, or corporation for supervisory or managerial services; nor shall any compensation be paid by the Corporation to any employee in excess of \$4,000.00 per annum, except with such prior written approval. No officer, director, stockholder, agent or employee of the Corporation shall in any manner become indebted to the Corporation, except on account of approved occupancy charges.

SECTION 4. The Corporation shall maintain its project, the grounds, buildings and equipment appurtenant thereto, in good repair and in such condition as will preserve the health and safety of its tenants.

SECTION 5. The Corporation, its property, equipment, buildings, plans, office, apparatus, devices, books, records, contracts, documents and papers shall be subject to inspection and

examination by the holders of the Preferred Stock or their duly authorized agent at all reasonable times.

SECTION 6. The books and accounts of the Corporation shall be kept in accordance with the Uniform System of Accounting prescribed by the holders of the Preferred Stock. The Corporation shall file with the holders of the Preferred Stock and the mortgagee the following reports verified by the signature of such officers of the Corporation as may be designated and in such form as may be prescribed by the holders of the Preferred Stock:

- (a) monthly or quarterly operating reports, when required by the holders of the Preferred Stock;
- (b) semi-annual financial statement within sixty days after the semi-annual period when required by the holders of the Preferred Stock;
- (c) annual reports prepared by a certified public accountant or other person acceptable to the holders of the Preferred Stock, within sixty days after the end of each fiscal year;
- (d) 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 mortgage;
- (e) copies of minutes of all stockholders' meetings certified to by the secretary of the Corporation within thirty days after such meetings, and when required by the holders of the Preferred Stock, copies of minutes of directors' meetings.

SECTION 7. The Corporation shall not execute or file for record any instrument which imposes a restriction upon the sale, leasing, or occupancy of the property subject to the insured mortgage, or any part thereof, on the basis of race, color or creed.

9<sup>th</sup>. The happening of any of the following events shall constitute a default within the meaning of that word as used in these Articles of Incorporation:

(a) the failure of the Corporation to have dismissed within thirty days after commencement of any bankruptcy, receivership, or any petition for reorganization filed by or against the Corporation under the provisions of any State insolvency law or under the provisions of the Bankruptcy Act of 1898, as amended, or upon the making by the Corporation of an assignment for the benefit of its creditors, unless said action is previously approved in writing by the holders of the Preferred Stock;

(b) the failure of the Corporation to pay the principal, interest, or any other payment due on any note, bond, or other obligation executed by it, as called for by the terms of such instrument;

(c) the failure of the Corporation to establish and maintain the Reserve Fund for Replacements and general operating reserve as provided in Article 7<sup>th</sup> hereof or the use of such reserves except as permitted in said Article;

(d) execution of filing for record by the Corporation of any instrument which imposes a restriction upon sale, leasing or occupancy of the property subject to the mortgage or any part thereof, on the basis of race, color or creed;

(e) the violation of any of the terms of these Articles of Incorporation, or the failure of the Corporation to perform any of the covenants, conditions or provisions required by it to be performed by these Articles, the By-laws of the Corporation, the Mortgage, or any contract to which the Corporation and the Commissioner shall be parties, or the failure to carry out in full the terms of any agreement whereby the loan covered by the Mortgage is to be advanced or the project is to be constructed and operated;

(f) the attempt by the Corporation, its officers, directors or stockholders to accomplish by indirect methods that which they are not permitted by the terms hereof to do directly;

(g) the failure of the Corporation to report to the holders of the Preferred Stock any changes in its officers and directors or in its official address to which mail is to be directed or notices sent.

10<sup>th</sup>. The Corporation shall have five directors, elected by the Common Stockholders except as hereinabove provided in Article 5<sup>th</sup>, who shall act as such until their successors are duly chosen and qualified. Officers shall be elected as provided for in the By-laws.

11<sup>th</sup>. The names and addresses of the first directors are:

Name	Addresses
Louis Marhoefer	829 Industry Street, Pittsburgh 10, Pennsylvania
James Mussman	2725 Beechwood Blvd., Pittsburgh 17, Pennsylvania
Egon Marhoefer	6230 Fifth Avenue, Pittsburgh 32, Pennsylvania
Harry Menzer	Morrowfield Apartments, 2715 Murray Avenue Pittsburgh 17, Pennsylvania
Harry L. Lentchner	371 Lamarido Street, Pittsburgh 26, Pennsylvania

12<sup>th</sup>. The names and addresses of the incorporators and the number and class of shares subscribed by each are:

Name	Addresses	No. and Class of Shares
Louis Marhoefer	829 Industry Street, Pittsburgh 10, Pennsylvania	1 share – Common
James Mussman	2725 Beechwood Blvd., Pittsburgh 17, Pennsylvania	1 share – Common
Egon Marhoefer	6230 Fifth Avenue, Pittsburgh 32, Pennsylvania	1 share – Common
Harry Menzer	Morrowfield Apartments, 2715 Murray Avenue Pittsburgh 17, Pennsylvania	1 share – Common
Harry L. Lentchner	371 Lamarido Street, Pittsburgh 26, Pennsylvania	1 share – Common

13<sup>th</sup>. The number of incorporators who are citizens of the United States is five (5).

/s/ Louis Marhoefer (SEAL)  
Louis Marhoefer  
/s/ James Mussman (SEAL)  
James Mussman  
/s/ Egon Marhoefer  
Egon Marhoefer

/s/ Harry Menzer (SEAL)  
Harry Menzer  
/s/ Harry L. Lentchner (SEAL)  
Harry L. Lentchner

Commonwealth of Pennsylvania                      :  
  :  
County of Allegheny                                  :  
  :  
  :

Before me, a Notary Public in and for the county aforesaid, personally came from the above-names Louis Marhoefer, James Mussman, Egon Marhoefer, Harry Menzer, and Harry L. Lentchner, who, in due form of law, acknowledged the foregoing instrument to be their act and deed for the purposes therein specified.

Witness my hand and seal of office the 4<sup>th</sup> day of May A.D., 1955.

/s/ Betty Stefanic  
Notary Public

NOTARY  
SEAL

Betty Stefanic, Notary Public  
Pittsburgh, Allegheny Co., Pa.  
My Commission Expires  
January 6, 1959

Approved and filed in the Department of State, the 5<sup>th</sup> day of May, A.D., 1955.

/s/ James A. Finnegan  
Secretary of the Commonwealth