



DEPARTMENT OF STATE

CERTIFICATE OF INCORPORATION

I, JAS H. YOUNG, Secretary of State of the State of Idaho, and legal custodian of the corporation records of the State of Idaho, do hereby certify that the original of the articles of incorporation of

ORALIN WORX NO. 1, INC.

was filed in the office of the Secretary of State on the **26th** day
of **August** A.D. One Thousand Nine Hundred **57** and
duly recorded on Film No. **99** of Record of Domestic Corporations, of the State of Idaho,
and that the said articles contain the statement of facts required by Section 30-103, Idaho Code.

I FURTHER CERTIFY, That the persons executing the articles and their associates and
successors are hereby constituted a corporation, by the name hereinbefore stated, for
perpetual existence from the date hereof, with its registered office in this State located at

Idaho Falls in the County of **Bonneville**

IN TESTIMONY WHEREOF, I have hereunto
set my hand and affixed the Great Seal of the
State. Done at Boise City, the Capital of Idaho,
this **26th** day of **August**,
A.D., 19**57**.

Secretary of State.

ARTICLES OF INCORPORATION

OF

ORLIN HOMES NO. 1, INC.

KNOW ALL MEN BY THESE PRESENTS: That we the undersigned, Rolland H. Smith, Horace Gesas, and W. J. Anderson, all of Idaho Falls, Idaho, citizens and residents of the United States of America, and the State of Idaho and each over the age of twenty one years do by these presents voluntarily associate ourselves together for the purpose of forming a corporation under the laws of the State of Idaho and do hereby make, sign and certify the Articles of Incorporation for that purpose as follows:

ARTICLE I.

NAME OF CORPORATION

The name of this corporation shall be and is: Orlin Homes No. 1, Inc.

ARTICLE II.

PURPOSES

The purpose for which this corporation is formed and the business and objects to be carried on and promoted by it are as follows:

(a) To create a corporation to provided housing for rent on a cooperative basis, 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 Adminstrative 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 Commissioner it shall engage in no other business than the construction and operation of a housing project, all on a non-profit basis.

(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 evidences of indebtedness in furtherance of any of 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 refunds to members, stockholders, occupants of living units, or others as provided for in the by-laws and/or occupancy agreements.

(f.) This corporation is not organized for pecuniary profit and the purposes and objects herein enumerated in this Article shall be conducted on a nonprofit basis.

ARTICLE III.

PRINCIPAL PLACE OF BUSINESS

The location of the corporation's registered office in this state is Idaho Falls, Bonneville County, Idaho and the post office address of the place in which the principal office of this corporation will be located is Box 14, Idaho Falls, Idaho.

ARTICLE IV.

DIRECTORS AND OFFICERS

The Corporation shall have three directors, elected by the common stockholders except as hereinafter provided in Article V, who shall act as such until their successors are duly chosen and qualified. Officers shall be elected as provided for in the by-laws.

ARTICLE V.

CAPITAL STOCK

The total amount of the capital stock of the Corporation shall be 2,500 shares of which 100 shares having a par value of \$1.00 per share shall be designated as Preferred Stock, and 2,400 shares having a par value of \$10.00 per share shall be designated as Common Stock.

SECTION 1. Provisions of Preferred Stock, Power and Authority of Holders thereof.
Subsection 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 this Certificate 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 Adminstration, or representatives of the Adminstration, as the holders of the Preferred Stock.

Subsection 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 2. Rights in Case of Default

In the event of any default by the Corporation, as hereinafter defined, and during the period of such default or at any time during the period between intital 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 this Certificate of Incorporation, and to protect the interest of the Federal Housing Adminstration, 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:

Subsection 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 prupose 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

Subsection 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

Subsection 3. Notwithstanding either of the foregoing Subsection 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.

Subsection 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.

Subsection 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 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 3. Power, Duties and Rights of Holders of Common Stock.

Subsection 1. Except as otherwise provided by law or as set forth in this Certificate

of incorporation, all voting right shall be vested in the holders of the Common Stock, and every holder of Common Stock shall have one vote irregardless of the number of shares held.

SECTION 4. Dividends

Unless otherwise required by law no dividend shall be paid at any time upon any class of stock issued by the Corporation.

SECTION 5. Rights on Dissolution

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.

ARTICLE VI.

REQUIRED RESERVES

SECTION 1. Operating Reserve

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 if it is so desired or as it is decided upon 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 meeting deficiencies from time to time as a result of delinquent payment by in-

dividual 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.

ARTICLE VII.

RULES FOR CONDUCT OF AFFAIRS

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. Limitations on Alienation, Encumbrances, Remodeling, Occupancy, Changin, Corporate Structure, Dispostion of Excess Mortgage Funds

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 accomodations of the Corporation except at the charges fixed by the schedule of charges provided for hereinafter; (d) permit occupancy of any of the dwelling accomodations 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 of reorganization of the Corporation; cancel any of its shares of Preferred Stock, or effect any changes whatsoever in its capital structure; alter or amend this Certificate of Incorporation; or amend its by-laws; (f) fail to establish and matintain the operating reserve as set forth in this certificate of incorporation; (g) incur liabilities (direct or contingent) which will at any exceed in the aggregate \$1,350.00, except the indebtedness secured by the mortgage or incidental to the execution & delivery thereof; (h) fail to provide for themanagement 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 this Certificate 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. Limitations on Carrying Charges

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 to occupancy. Such charges shall be in an amount sufficient to meet the FHA estimate of cooperative management expense, 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 in accordance with 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 expense, 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. Limitation on Payments

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 therefor incurred by the Corporation except with the prior written approval of the holder 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 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. Maintenance Requirements

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. Requirements as to Corporate Property and Records

The corporation, its property, equipment, buildings, plans, office, apparatus, devices, books, contracts, records, 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. Uniform Record System Required

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 in of the Corporation with/thirty days after such meetings, and when required by the holders of the Preferred Stock, copies of minutes of directors' meetings.

SECTION 7. Limitations Against Racial Restrictions

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.

ARTICLE VIII.

CONTRACTUAL POWERS

No contract or other transaction between this Corporation and any other corporation, and no act of this Corporation, shall in any way be affected or invalidated by the fact that any of the directors or officers of this Corporation are pecuniarily or otherwise interested in, or are directors or officers of, such other corporation; any directors individually, or any firm of which any director may be a member, may be a party to, or may be pecuniarily or otherwise interest in, any contract or transaction of this Corporation, provided the fact that he or such firm is so interested, shall be disclosed on the minutes of this Corporation; and any director of this Corporation who is also a director of such other corporation or officer or who is so interest may be counted in determining the existence of a quorum at any meeting of the board of directors of this Corporation, which shall authorize any such contract or transaction, provided, however, such director may not vote thereat to authorize any such contract or transaction.

ARTICLE IX.

EVENTS OF DEFAULT

The happening of any of the following events shall constitute a default within the meaning of that word as used in this Certificate of Incorporation: (1) 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 theholders of the Preferred Stock; (2) the failure of the Corporation to pay the principal, interest, or any other payment due on any note, bonds or other obligation executed by it, as called for by the terms of such instrument; (3) the failure of the Corporation to establish and maintain the general operating reserve as provided in Article VI hereof or the use of such reserves except as permitted in said Article; (4) execution or 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; (5) the violation of any of the terms of the Certificate of Incorporation, or the failure of the Corporation to perform any of the covenants, conditions or provisions required by it to be performed by this Certificate, 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; (6) the attempt by the Corporation, its officers, directors or stockholders to accomplish by indirect methods which they are not permitted by the terms hereof to do directly; (7) 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.

ARTICLE X.

INCORPORATORS

The name, post office address and number of shares subscribed by each of the incorporators are as follows:

<u>NAME</u>	<u>ADDRESS</u>	<u>COMMON STOCK</u>
Rolland H. Smith	Idaho Falls, Idaho	1 Share
Horace Gesas	Idaho Falls, Idaho	1 Share
W. J. Anderson	Idaho Falls, Idaho	1 Share

All of the subscribers to these Articles of Incorporation are of full age, citizens of the United States and resident of the State of Idaho.

ARTICLE XI.

The duration of the Corporation shall be perpetual.

ARTICLE XII.

The Corporation may amend, alter, add to, change, or repeal any provision contained in these articles of incorporation in the manner provided by law.

IN WITNESS WHEREOF, we, as incorporators, and each of us, have hereunto set our

hands and seals this 10th day of August, 1957.

Roland H. Smith
Idaho Falls, Idaho

Horace Gesas
Idaho Falls, Idaho

W. J. Anderson
Idaho Falls, Idaho

STATE OF IDAHO)
: ss.
County of Bonneville)

On this 10th day of August, 1957, before me, the undersigned, a Notary Public in and for the State of Idaho, personally appeared ROLAND H. SMITH, HORACE GESAS, and W. J. ANDERSON, known to me to be the persons whose names are subscribed to the within and foregoing Certificate and Articles of Incorporation, and acknowledged to me that they executed the same as their free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Eugene L. Bush
Notary Public for State of Idaho
Residing at Idaho Falls, Idaho