



- a. If any of the provisions of the organizational documents conflict with the terms of the note; mortgage; security agreement or HUD Regulatory Agreement ("HUD Loan Documents"), the provisions of the HUD Loan Documents will control.
- b. No provision required by HUD to be inserted into the organizational documents may be amended without prior HUD approval.
- c. No provision in the organizational documents that results in any of the following will have any force or effect without the prior written consent of HUD:
  - i. Any amendment that shortens the term of the corporation;
  - ii. Any amendment that activates the requirement that a HUD previous participation certification be obtained from any additional person or entity;
  - iii. Any amendment that in any way affects the HUD Loan Documents;
  - iv. The withdrawal of any sponsor on which HUD based its decision to insure the loan; or
  - v. Any change in a guarantor of any obligation to the Secretary.
- d. The corporation is authorized to execute the HUD Loan Documents and to secure a loan to be insured by the Secretary.
- e. Any incoming shareholder must, as a condition of receiving an interest in the corporation, agree to be bound by HUD Loan Documents to the same extent and on the same terms as the other members.
- f. Upon any dissolution, no title or right to possession and control of the Project, and no right to collect the rents from the Project, shall pass to any person who is not bound by the HUD Regulatory Agreement in a manner satisfactory to HUD.
- g. Each of the officers and directors and any assignee shall be liable in their individual capacity to HUD for:
  - i. Funds or property of the Project coming into their possession, which by the provisions of the Regulatory Agreement, such person or entity is not entitled to retain;
  - ii. His/her/its own acts and deeds, or acts and deeds of others which he/she/it has authorized, in violation of the provisions of the Regulatory Agreement;

- iii. The acts and deeds of affiliates which such person or entity has authorized in violation of the provisions of the Regulatory Agreement; and
  - iv. As otherwise provided by law.
- h. The Corporation shall not voluntarily be dissolved or converted to another form of entity without the prior written approval of HUD.
- i. The Corporation has designated Norman P. Audino as its official representative for all matters concerning the project which require HUD consent or approval. The signature of this person will bind the Corporation in all such matters. The Corporation may from time to time appoint a new representative to perform this function, but within 3 business days of doing so, will provide HUD with written notification of the name, address, and telephone number of its new representative. When a person other than the person identified above has full or partial authority of management of the project, the Corporation will promptly provide HUD with the name of the that person and the nature of the that person's management authority.
- j. The sole purpose of the Corporation shall be to acquire, operate, construct, lease and own a 232/223A7 project located in Smithfield, Rhode Island and known as Cortland Place, and to do any and all things necessary, convenient or incidental to that purpose.