



**ARTICLES OF INCORPORATION
OF
CHANNEL LUMBER MANAGEMENT, INC.**

For Office Use Only

-FILED-

File No.: 6490446

Date Filed: 12/11/2024

ARTICLE I. NAME.

The name of this corporation is Channel Lumber Management, Inc. (the “Corporation”).

ARTICLE II. BUSINESS ADDRESSES.

The initial street address of the Corporation is 100 West Cutting Boulevard, Richmond, CA 94804.

The mailing address of the Corporation is 100 West Cutting Boulevard, Richmond, CA 94804.

ARTICLE III. PURPOSE.

The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

Notwithstanding the foregoing, the Corporation will not engage in any business or activity other than serving as the managing member of FAE Holdings 490733R, LLC, a California limited liability company (“FAE Holdings 490733R, LLC”) and owning 0.5% equity interest in FAE Holdings 490733R, LLC, so long as the FAE Holdings 490733R, LLC’s loan with PGIM REAL ESTATE AGENCY FINANCING, LLC, a Delaware limited liability company (“Lender”), as evidenced by that certain Multifamily Loan and Security Agreement (the “Loan Agreement”), as identified by Freddie Mac Loan Number: 511514220, remains unpaid and outstanding.

Until the indebtedness obligations under the Loan Agreement have been satisfied and are paid in full, the Corporation will remain a “Single Purpose Entity,” satisfying the following conditions:

- (i) The Corporation will not engage in any business or activity other than being the managing member of FAE Holdings 490733R, LLC and owning at least 0.5% equity interest in FAE Holdings 490733R, LLC.
- (ii) The Corporation has not and will not acquire or own any assets other than its equity interest in FAE Holdings 490733R, LLC and personal property related to its interest in FAE Holdings 490733R, LLC.
- (iii) The Corporation will preserve its existence as an entity duly incorporated, validly existing and in good standing under the laws

of the State of California and will do all things necessary to observe organizational formalities.

- (iv) The Corporation will not, without the prior unanimous written consent of all of the shareholders of Corporation and all of the members of the board of directors of the Corporation, take any of the following actions:
 - (A) File any insolvency, or reorganization case or proceeding, to institute proceedings to have FAE Holdings 490733R, LLC or the Corporation be adjudicated bankrupt or insolvent.
 - (B) Institute proceedings under any applicable insolvency law.
 - (C) Seek any relief under any law relating to relief from debts or the protection of debtors.
 - (D) Consent to the filing or institution of a Bankruptcy (as defined herein) against FAE Holdings 490733R, LLC or the Corporation.
 - (E) File a petition seeking, or consent to, reorganization or relief with respect to FAE Holdings 490733R, LLC or the Corporation under any applicable federal or state law relating to bankruptcy or insolvency.
 - (F) Seek or consent to the appointment of a receiver, liquidator, assignee, trustee, sequestrator, custodian, or any similar official for FAE Holdings 490733R, LLC or a substantial part of its property or for the Corporation or a substantial part of its property.
 - (G) Make any assignment for the benefit of creditors of FAE Holdings 490733R, LLC or the Corporation.
 - (H) Admit in writing FAE Holdings 490733R, LLC's or the Corporation's inability to pay its debts generally as they become due.
 - (I) Take action in furtherance of any of the foregoing.
- (v) The Corporation will not amend or restate its organizational documents if such change would cause the provisions set forth in those organizational documents not to comply with any of the provisions in these Articles.
- (vi) The Corporation will not own any subsidiary or make any investment in any other Person, except for FAE Holdings 490733R, LLC.
- (vii) The Corporation will not commingle its assets with the assets of any other Person and will hold all of its assets in its own name.

- (viii) The Corporation will not incur any debt, secured or unsecured, direct or contingent (including guaranteeing any obligation), other than customary unsecured trade payables incurred in the ordinary course of owning FAE Holdings 490733R, LLC, provided such unsecured trade payables are not evidenced by a promissory note, do not exceed, in the aggregate, at any time a maximum amount of \$10,000 and are paid within 60 days of the date incurred.
- (ix) The Corporation will maintain its records, books of account, bank accounts, financial statements, accounting records and other entity documents separate and apart from those of any other Person and will not list its assets as assets on the financial statement of any other Person; provided, however, that the Corporation's assets may be included in a consolidated financial statement of its Affiliate (as defined herein), provided that (A) appropriate notation will be made on such consolidated financial statements to indicate the separateness of Corporation from such Affiliate and to indicate that Corporation's assets and credit are not available to satisfy the debts and other obligations of such Affiliate or any other Person, and (B) such assets will also be listed on Corporation's own separate balance sheet.
- (x) Except for capital contributions or capital distributions permitted under the terms and conditions of its organizational documents, the Corporation will only enter into any contract or agreement with any general partner, member, shareholder, principal or Affiliate of Corporation or any Guarantor, or any general partner, member, principal or Affiliate thereof, upon terms and conditions that are commercially reasonable and substantially similar to those that would be available on an arm's-length basis with third parties.
- (xi) The Corporation will not maintain its assets in such a manner that will be costly or difficult to segregate, ascertain or identify its individual assets from those of any other Person.
- (xii) The Corporation will not assume or guaranty the debts or obligations of any other Person, hold itself out to be responsible for the debts of another Person, pledge its assets to secure the obligations of any other Person or otherwise pledge its assets for the benefit of any other Person, or hold out its credit as being available to satisfy the obligations of any other Person.
- (xiii) The Corporation will not make or permit to remain outstanding any loans or advances to any other Person except for those investments permitted under the Loan Documents and will not buy or hold evidence of indebtedness issued by any other Person (other than cash or investment-grade securities).
- (xiv) The Corporation will file its own tax returns separate from those of any other Person, unless the Corporation (A) is treated as a

“disregarded entity” for tax purposes and is not required to file tax returns under applicable law or (B) is required by applicable law to file consolidated tax returns, and will pay any taxes required to be paid under applicable law.

- (xv) The Corporation will hold itself out to the public as a legal entity separate and distinct from any other Person and conduct its business solely in its own name, will correct any known misunderstanding regarding its separate identity and will not identify itself or any of its Affiliates as a division or department of any other Person.
- (xvi) The Corporation will maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations and will pay its debts and liabilities from its own assets as such debts and liabilities become due; provided, however, that nothing in this paragraph will require any shareholder of the Corporation or any Borrower Principal (as defined herein) to make any equity contribution to the Corporation.
- (xvii) The Corporation will allocate fairly and reasonably shared expenses with Affiliates (including shared office space) and use separate stationery, invoices and checks bearing its own name.
- (xviii) The Corporation will pay its own liabilities (including salaries of its own employees) from its own funds; provided, however, that nothing in this paragraph will require any shareholder of the Corporation to make any equity contribution to the Corporation.
- (xix) Other than owning 0.5% equity interest in FAE Holdings 490733R, LLC, the Corporation will not acquire obligations or securities of its partners, members, shareholders, or Affiliates, as applicable.
- (xx) Except as contemplated or permitted by the property management agreement with respect to the Property Manager, the Corporation will not permit any Affiliate or constituent party independent access to its bank accounts.
- (xxi) The Corporation will maintain a sufficient number of employees (if any) in light of its contemplated business operations and pay the salaries of its own employees, if any, only from its own funds; provided, however, that nothing in this paragraph will require any member or partner of the Corporation or any Borrower Principal to make any equity contribution to the Corporation.

Definitions of capitalized terms used herein are as follows:

"Borrower" means FAE Holdings 490733R, LLC, a California limited liability company.

"Borrower Principal" means any of the following:

- (i) Any general partner of Borrower (if Borrower is a partnership).
- (ii) Any manager, managing member, non-member manager, or member of the board of managers of Borrower (if Borrower is a limited liability company).
- (iii) Any settlor (grantor) of a living or revocable Trust (if Borrower is a living or revocable Trust).
- (iv) Any trustee of a Trust (if Borrower is a Trust).
- (v) Any Person (limited partner, member or shareholder) with a collective direct or indirect equity interest in Borrower equal to or greater than 25%, including any equitable ownership interest or any beneficial interest in an Illinois land trust, an irrevocable trust, or a Delaware Statutory Trust.
- (vi) Any master tenant operating all or a substantial portion of the Mortgaged Property pursuant to a master lease structure, such as a Delaware Statutory Trust structure.
- (vii) Any guarantor of all or any portion of the Loan or of any obligations of Borrower under the Loan Agreement and all related loan documents.
- (viii) Any person or entity that Lender (A) determined as of the date of the Loan Agreement or (B) determines as of the date of any Transfer is a Borrower Principal, including any person or entity that may take Control of Borrower, such as pursuant to a buy-sell transfer arrangement.

"Bankruptcy" means any of the following whether voluntary or involuntary, other than a case or proceeding initiated by Lender:

- (i) Any case under the United States Bankruptcy Code or any similar federal or state law for the relief of debtors.
- (ii) Any proceeding for the reorganization, recapitalization or adjustment or marshalling of a debtor's assets or liabilities.
- (iii) Any receivership or assignment for the benefit of creditors.
- (iv) Any liquidation, dissolution, winding up, or similar proceeding, whether or not involving bankruptcy or insolvency.
- (v) Any case or proceeding similar to those set forth in (i) through (iv) of this definition.

- (vi) Any other proceeding of any type or nature in which substantially all claims of creditors are determined and any payment or distribution is or may be made on account of such claims.

"Affiliate" of any Person means any other individual or entity that is, directly or indirectly, one of the following:

- (i) In Control of the applicable Person.
- (ii) Under the Control of the applicable Person.
- (iii) Under common Control with the applicable Person.

"Control" means to possess, directly or indirectly, the power to manage an entity, including the authority to legally bind the entity.

"Mortgaged Property" means the real property located at 2833 and 3051 Eaton Road, Chico, California 95973, the rents and leases associated therewith and the improvements, fixtures, and personal property located thereon.

"Person" means any natural person, sole proprietorship, corporation, general partnership, limited partnership, limited liability company, limited liability partnership, limited liability limited partnership, joint venture, association, joint stock company, bank, trust, estate, unincorporated organization, any federal, state, county or municipal government (or any agency or political subdivision thereof), endowment fund or any other form of entity.

"Transfer" means any of the following:

- (i) A sale, assignment, transfer, or other disposition or divestment of any legal or equitable direct or indirect interest in Borrower, Channel Lumber Management, Inc., as the "Designated Entity for Transfer", or the Mortgaged Property (whether voluntary, involuntary or by operation of law).
- (ii) The granting, creating, or attachment of a Lien, encumbrance, or security interest (whether voluntary, involuntary or by operation of law).
- (iii) The issuance or other creation of a legal or equitable ownership interest in a legal entity, including a partnership interest, interest in a limited liability company or corporate stock.
- (iv) The withdrawal, retirement, removal, or involuntary resignation of a partner in a partnership or a member or manager in a limited liability company.
- (v) The addition, appointment, substitution, or removal of a manager on a board of managers or a director on a board of directors.

- (vi) The termination or revocation of a trust, or the addition, removal, appointment, or substitution of a trustee of a trust.

For purposes of defining the term "Transfer," the term "partnership" means a general partnership, a limited partnership, a joint venture, a limited liability partnership, or a limited liability limited partnership and the term "partner" means a general partner, a limited partner, or a joint venturer.

"Transfer" does not include any of the following:

- (i) A conveyance of the Mortgaged Property at a judicial or non-judicial foreclosure sale under the Multifamily Deed of Trust, Assignment of Rents, Security Instrument and Fixture Filing by Borrower in favor of Lender.
- (ii) The Mortgaged Property becoming part of a bankruptcy estate by operation of law under the United States Bankruptcy Code.
- (iii) The filing or recording of a lien against the Mortgaged Property for local taxes and/or assessments not then due and payable.

"Trust" means a legal entity in which a trustee agrees to hold and manage certain assets or property of the trustor for the benefit of the beneficiary(ies). "Trust" includes a revocable trust, irrevocable trust, testamentary trust, and Delaware Statutory Trust.

ARTICLE IV. AGENT FOR SERVICE OF PROCESS.

The name and street address of the agent for service of process are as follows:

Conor J. Massey
1455 First Street, Suite 217
Napa, CA 94559

ARTICLE V. SHARES.

This Corporation is authorized to issue only one class of shares, designated as "Common Stock." The total number of shares which this corporation is authorized to issue is 1,000.

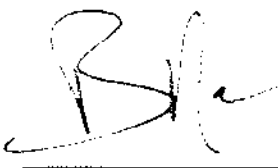
ARTICLE VI. DIRECTOR LIABILITY

The liability of the directors of the corporation for monetary damages shall be eliminated to the fullest extent permissible under California law.

ARTICLE VII. INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Corporation is authorized to indemnify the directors and officers of the corporation to the fullest extent permissible under California law.

Dated: December 10, 2024

BY: 
Bryan L. Ngo, as incorporator