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CAPITAL CONNECTION, INC.

417 E. Virginia Street, Suite 1 • Tallahassee, Florida 32301
(850) 224-8870 • 1-800-342-8062 • Fax (850) 222-1222

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TALLAHASSEE, FLORIDA

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*****87.50 *****87.50

Pensacola Real Estate
Holdings I, Inc

- ___ Art of Inc. File _____
- ___ LTD Partnership File _____
- ___ Foreign Corp. File _____
- ___ L.C. File _____
- ___ Fictitious Name File _____
- ___ Trade/Service Mark 700005315667-8 8
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- ___ Merger File _____
- Art. of Amend. File _____
- ___ RA Resignation _____
- ___ Dissolution / Withdrawal _____
- ___ Annual Report / Reinstatement _____
- Cert. Copy 700005315667-8 8
-04/23/02--01001--001
- ___ Photo Copy _____ *****87.50 *****43.75
- ___ Certificate of Good Standing _____
- ___ Certificate of Status _____
- ___ Certificate of Fictitious Name _____
- ___ Corp Record Search _____
- ___ Officer Search _____
- ___ Fictitious Search _____
- ___ Fictitious Owner Search _____
- ___ Vehicle Search _____
- ___ Driving Record _____
- ___ UCC 1 or 3 File _____
- ___ UCC 11 Search _____
- ___ UCC 11 Retrieval _____
- ___ Courier _____

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C. Coulliette APR 22 2002

Signature _____

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**ARTICLES OF AMENDMENT
OF
PENSACOLA REAL ESTATE HOLDINGS I, INC.**

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- (a) The name of the corporation is Pensacola Real Estate Holdings I, Inc.
- (b) The amendments so adopted are as follows:

Insert a new Article VII reading as follows:

BUSINESS OF CORPORATION

- A. Section 1. (a) To create a private corporation whose sole purpose is to construct, acquire or own a nursing home project or projects, and to operate the same; (b) to enable the refinancing of such nursing home with the assistance of mortgage insurance under the National Housing Act; (c) to enter into, perform, and carry out contracts of any kind necessary to, or in connection with, or incidental to, the accomplishment of the purposes of the corporation, including, expressly, any contract or contracts with the Secretary of Housing and Urban Development which may be desirable or necessary to comply with the requirements of the National Housing Act, as amended, and the Regulations of the Secretary thereunder, relating to the regulation or restriction of mortgagors as to rents, sales, charges, capital structure, rate of return and methods of operation; (d) to acquire any property, real or personal, in fee or under lease, or any rights therein or appurtenant thereto, necessary for the construction and operation of such project; and (e) to borrow money, and to issue evidence of indebtedness, and to secure the same by mortgage, deed of trust, pledge, or other lien, in furtherance of any or all of the objects of its business in connection with said project.
- B. Section 1. The corporation shall have the power to do and perform all things whatsoever set out in paragraph A above, and necessary or incidental to the accomplishment of said purpose.

Section 2. The corporation, specifically and particularly, shall have the power and authority to enter into a Regulatory Agreement setting out the requirements of the Secretary of Housing and Urban Development.

Section 3. In the event of a conflict between the terms of these Articles of Incorporation and HUD laws, rules, regulations, and the Regulatory Agreement, the terms of the laws, rules, regulations and Regulatory Agreement shall prevail.

The Articles of Incorporation may not be amended without prior HUD approval.

Insert a new Article VIII reading as follows:


HUD REQUIREMENTS

- a. If any of the provisions of the organizational documents conflict with the terms of the note; mortgage, deed of trust or security deed; 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, so long as HUD is the insurer or holder of the note.
- 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:
 - (1) Any amendment that modifies the term of the mortgagor entity;
 - (2) Any amendment that activates the requirement that a HUD previous participation certification be obtained from any additional partner;
 - (3) Any amendment that in any way affects any note, mortgage, deed of trust or security deed, and security agreement on the Project or the Regulatory Agreement between HUD and the mortgagor entity;
 - (4) Any amendment that would authorize any member other than the Authorized Officer/Agent or pre-approved Authorized Officer/Agent to bind the mortgagor entity for all matters concerning the project which require HUD’s consent or approval;
 - (5) A change in the control of the mortgagor entity; or
 - (6) Any change in a guarantor of any obligation to the Secretary.
- d. The mortgagor entity is authorized to execute a note, mortgage, deed of trust or security deed and security agreement in order to secure a loan to be insured by the Secretary and to execute the Regulatory Agreement and other documents required by the Secretary in connection with the HUD-insured loan.
- e. Any incoming member/officer/director must as a condition of receiving an interest in the Corporation agree to be bound by the note, mortgage, deed of trust or security deed and security agreement, the Regulatory Agreement and any other documents required in connection with the HUD-insured loan to the same extent and on the same terms as the other members.

- f. Notwithstanding any other provisions, 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 Regulatory Agreement in a manner satisfactory to the Secretary.
 - g. The members, officers and directors and any assignee of a member are liable in their individual capacity to HUD for:
 - (1) Funds or property of the Project coming into its possession, which by the provisions of the Regulatory Agreement, the person or entity is not entitled to retain;
 - (2) Its own acts and deed, or acts and deeds of other which it has authorized, in violation of the provisions of the Regulatory Agreement;
 - (3) The acts and deeds of affiliates, as defined in the Regulatory Agreement, which the person or entity has authorized in violation of the provisions of the Regulatory Agreement; and
 - (4) 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 Scott J. Bell as its official representative for all matters concerning the project which require HUD consent or approval. The signature of this person will bind the company 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 that person and the nature of that person's management authority.
- (c) The date of adoption of the foregoing amendments by a unanimous vote of the members of the Board of Directors and all stockholders was April 18, 2002.

IN WITNESS WHEREBY, the undersigned officers acting for and on behalf of the Corporation have subscribed their name this 18 day of April, 2002.

**PENSACOLA REAL ESTATE HOLDINGS I,
INC.**

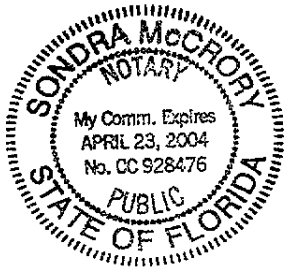
By: 
Scott J. Bell, President

STATE OF FLORIDA

COUNTY OF Escambia

The foregoing instrument was acknowledged before me this 18th day of April, 2002 by Scott J. Bell, as President of Pensacola Real Estate Holdings I, Inc., a Florida corporation, who did/did not take oath and who:

- is personally known to me
- produced a current Florida driver's license as identification; or
- produced _____ as identification



Sondra McCrory
NOTARY PUBLIC
Print Name of Notary: Sondra McCrory
My Commission Expires: 4/23/02