

# A04772

Karma Land Venture, Ltd.

Requestor's Name

P.O. Box 140239

Address

Gainesville, FL 32614 0239

City/State/Zip

Phone #

Lowell D. Chesborough

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**CORPORATION NAME(S) & DOCUMENT NUMBER(S), (if known):**

1. Karma Land Venture, Ltd. / A04772  
(Corporation Name) (Document #)

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<input type="checkbox"/>	Domestication
<input type="checkbox"/>	Other

AMENDMENTS	
<input type="checkbox"/>	Amendment
<input type="checkbox"/>	Resignation of R.A., Officer/ Director
<input type="checkbox"/>	Change of Registered Agent
<input type="checkbox"/>	Dissolution/Withdrawal
<input type="checkbox"/>	Merger

OTHER FILINGS	
<input type="checkbox"/>	Annual Report
<input type="checkbox"/>	Fictitious Name
<input type="checkbox"/>	Name Reservation

REGISTRATION/ QUALIFICATION	
<input type="checkbox"/>	Foreign
<input type="checkbox"/>	Limited Partnership
<input type="checkbox"/>	Reinstatement
<input type="checkbox"/>	Trademark
<input type="checkbox"/>	Other

**CERTIFICATE OF AMENDMENT  
TO  
CERTIFICATE OF LIMITED PARTNERSHIP  
OF**

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KARMA LAND VENTURE, LTD

(Insert name currently on file with Florida Dept. of State)

Pursuant to the provisions of section 620.109, Florida Statutes, this Florida limited partnership, whose certificate was filed with the Florida Department of State on February 12, 1976, adopts the following certificate of amendment to its certificate of limited partnership:

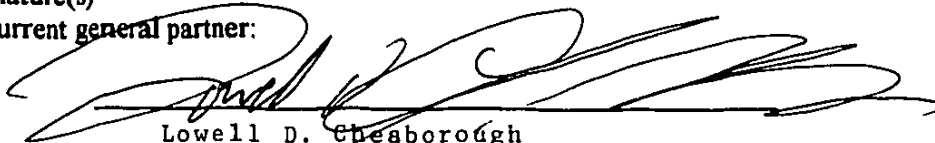
**FIRST:** Amendment(s): (indicate article number(s) being amended, added, or deleted)

See attached.

**SECOND:** This certificate of amendment shall be effective at the time of its filing with the Florida Department of State.

**THIRD:** Signature(s)

Signature of current general partner:

  
Lowell D. Cheaborough

Signature(s) of new general partner(s), if applicable:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

THIRD AMENDMENT TO ARTICLES OF LIMITED PARTNERSHIP

ADOPTED *RLC*

~~DRAFT COPY~~ *RLC*

~~March 7, 1996~~

THIS THIRD AMENDMENT (the "Amendment") is entered into and is effective as of the 1st day of January, 1997, by and *RLC* between LOWELL D. CHESBOROUGH (the "General Partner"), and those individuals and entities listed on the signature page hereto as Limited Partners (the "Limited Partners") in KARMA LAND VENTURE, LTD., a Florida limited partnership (the "Partnership"). The General Partner and the Limited Partners are sometimes referred to herein individually as a "Partner" and collectively as the "Partners".

WHEREAS, the General Partner and the original Limited Partners formed the Partnership pursuant to a Certificate of Limited Partnership filed with the Florida Secretary of State; and

WHEREAS, in connection with the formation of the Partnership, the original Partners entered into that certain Limited Partnership Agreement (the "Agreement"), filed February 12, 1976, with the Florida Secretary of State; and

WHEREAS, the Partners have twice amended the Agreement, once on June 29, 1976, and again on June 30, 1984; and

WHEREAS, the Partnership and the Partners desire to once again amend the Agreement (as previously amended) in order to clarify certain provisions thereof regarding the allocation of gains, losses, income and deductions as well as the distribution of monies and properties, both to insure that the economic arrangements previously agreed upon by the Partners are carried out and to comply with applicable requirements of the Internal Revenue Code of 1986, as amended and the applicable Treasury Regulations promulgated thereunder.

NOW, THEREFORE, in consideration of the mutual promises, and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree to amend the Agreement as amended, as follows:

I. Article II is hereby amended through the addition the following:

Section 2.2 Definitions. The following definitions shall apply for purposes of this Agreement:

A. "Act" means Sections 620.101 - 620.102, Florida Statutes, as amended from time to time.

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B. "Available Cash" means all cash on hand (as determined from time to time) other than cash which is (i) restricted from distribution under the terms of any agreement to which the Partnership is a party, or (ii) added to or retained in Partnership reserves, in the reasonable discretion of the General Partner, in order to enable the Partnership to pay when due all obligations and liabilities of the Partnership (including any obligations and liabilities which are not yet due and payable, and those liabilities and obligations which may be then past due).

C. "Code" means the Internal Revenue Code of 1986, as amended.

D. "Liquidation of the Partnership" means the earlier of (i) the date upon which the Partnership is terminated under §708(b)(1) of the Code, or (ii) the date upon which the Partnership ceases to be a going concern (even though it may continue in existence for the purposes of winding up its affairs, paying its debts and distributing any remaining balance to its Partners).

E. "Percentage Interests" means with respect to each of the Partners, the partnership interests reflected in Section 5.1 below and Schedule 5.1B attached hereto and made a part hereof.

F. "Profits" and "Losses" of the Partnership for each taxable year of the Partnership means an amount equal to the Partnership's taxable income or loss for each such taxable year as determined for federal income tax purposes in accordance with the accounting method followed by the Partnership and in accordance with §703 of the Code (for this purpose, all items of income, gain, loss, or deduction required to be separately stated pursuant to §703(a)(1) of the Code shall be included in taxable income or loss), subject to the following modifications:

1. Any income of the Partnership that is exempt from federal income tax and not otherwise taken into account in computing Profits and Losses shall be added to such taxable income or loss;

2. Any expenditures of the Partnership described in §705(a)(2)(B) of the Code or treated as §705(a)(2)(B) of the Code expenditures pursuant to Reg. §1.704-1(b)(2)(iv)(i), and not otherwise

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taken into account, shall be subtracted from such taxable income or loss; and

3. With respect to Partnership property, if any, which has a book value greater than or less than its adjusted income tax basis, "Profits" and "Losses" of the Partnership shall be determined by reference to the depreciation and amortization deduction, if any, allowable with respect to such property as computed for book purposes (and not tax purposes), as determined pursuant to Reg. §1.704-1(b)(2)(iv)(g), and by the gain or loss attributable to such property as computed for book purposes (and not for tax purposes).

G. "Regulations" or "Reg." means regulations adopted by the Treasury Department and/or the Internal Revenue Service pursuant to the Code.

H. "Unreturned Capital Contributions" with respect to a Partner shall mean the aggregate capital contributions made by such Partner to the Partnership since the inception of the Partnership reduced by the total distributions made by the Partnership to such Partner since the inception of the Partnership.

II. Article V is hereby deleted in its entirety and the following shall be substituted in lieu thereof:

#### Article V

##### Section 5.1 Percentage Interests.

A. The Percentage Interest of the General Partner shall be twenty-five percent (25%).

B. The Percentage Interests of the Limited Partners shall be seventy-five percent (75%), which shall be allocated among the Limited Partners in the manner set forth in ~~Schedule 5-B attached hereto and made a part hereof~~ at the bottom of this page.

##### Section 5.2 Priority of Distributions

A. Non-Liquidating Distributions of Cash. Subject to Section 5.2B. below, Available Cash shall be distributed at such times as shall be determined by the General Partner, but no less frequently than annually, as follows:

Each Limited Partner's interest is the number of Units owned by the Limited Partner divided by the number of Units owned by all Limited Partners, multiplied by .75.

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(1) first, to the Limited Partners, until each Limited Partner has received an amount equal to each such Limited Partner's Unreturned Capital Contributions (with the amount of such Unreturned Capital Contributions determined immediately prior to such distribution);

(2) then, to the General Partner until the General Partner has received an amount equal to the General Partner's Unreturned Capital Contributions (with the amount of such Unreturned Capital Contributions determined immediately prior to such distribution); and

(3) the balance, if any, among all of the Partners in accordance with their relative Percentage Interests.

Distributions of Available Cash to the Limited Partners pursuant to Section 5.2A(1) above shall be apportioned among the Limited Partners in proportion to the Unreturned Capital Contributions of the Limited Partners (determined immediately prior to such distribution).

B. Liquidating Distributions. Notwithstanding Section 5.2A above to the contrary, following the earlier of the termination and dissolution of the Partnership, or the Liquidation of the Partnership, as provided in Section 12.2 below, distributions shall be made in the manner set forth in Section 12.2 below.

III. Section 7.1. of the Agreement is hereby amended in its entirety to read as follows:

7.1 Profits and Losses. Subject to Section 7.1B below, the Profits and Losses of the Partnership for each taxable year of the Partnership shall be allocated among the Partners in the manner set forth in this Section 7.1.

A. Profits. Profits of the Partnership shall be allocated as follows:

(1) First, to the Limited Partners an amount of Profits equal to the aggregate deficits (i.e., debit balances) in the Limited Partners' capital accounts, to be allocated among the Limited Partners in proportion to the relative deficit balances in their capital accounts, so as to reduce such deficits to zero;

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(2) Then, to those Limited Partners whose capital account credit balances are less than the amount of their Unreturned Capital Contributions, determined as of the last day of the Partnership's taxable year to which such allocation relates, an amount sufficient to increase the credit balances in their capital accounts to an amount equal to their Unreturned Capital Contributions determined as of the end of such taxable year;

(3) Then, to the General Partner an amount of Profits equal to any deficit in the General Partner's capital account, determined as of the last day of the Partnership taxable year to which such allocation relates, so as to reduce such deficit to zero;

(4) Then, to the General Partner an amount of Profits sufficient to increase the credit balance in such General Partner's capital account to an amount equal to his Unreturned Capital Contributions (determined as of the last day of the Partnership's taxable year to which such allocation relates); and

(5) The balance, if any, among all of the Partners in proportion to their relative Percentage Interests.

Profits to be allocated pursuant to Section 7.1A(2) shall be allocated to each Limited Partner in the same proportion as the excess of such Limited Partner's Unreturned Capital Contributions over the balance of such Limited Partner's capital account, determined as of the last day of the Partnership's taxable year to which such allocation relates (the "Capital Account Shortfall"), bears to the aggregate Capital Account Shortfalls of all Limited Partners who have a Capital Account Shortfall as of the end of such taxable year.

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B. Losses. Losses shall be allocated as follows:

(1) First, an amount equal to the aggregate credit balances in the Partners' capital accounts, to be allocated to each Partner having a credit balance in the same ratio as the credit balance in each such Partner's capital account bears to the aggregate of all such credit balances so as to reduce each such credit balance to zero; and

(2) Subject to Section 7.1C below, the balance, if any, among all the Partners in proportion to their relative Percentage Interests.

C. Qualified Income Offset. Notwithstanding the provisions of Section 7.1A and 7.1B hereof to the contrary, the following special rules shall apply:

(1) No allocation shall be made to any Limited Partner to the extent that any such allocation would create or enlarge an "Adjusted Capital Account Deficit" (as defined below) in any Limited Partner's capital account, as determined as of the end of the Partnership taxable year to which such allocation relates. Any item which would be allocated to a Limited Partner but for the preceding sentence shall be allocated instead to the General Partner.

For purposes of this Agreement, "Adjusted Capital Account Deficit" means, with respect to any Limited Partner, the deficit balance, if any, in such Limited Partner's capital account as of the end of the relevant Partnership taxable year, after giving effect to the following adjustments:

(i) debit to such capital account the items described in Reg. §§1.704-1(b)(2)(ii)(d)(4), (5) and (6); and

(ii) after making the foregoing debits, credit to such capital account any amounts which such Limited Partner is obligated to restore (pursuant to this Agreement or otherwise) or any amounts which such Limited Partner is deemed obligated to restore pursuant to Reg. §§1.704-2(g) and (i).

The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Reg. §1.704-1(b)(2)(ii)(d), and shall be interpreted consistently therewith.

D. Special Tax Allocations Pertaining to Built-In Appreciation or Depreciation. If property which is contributed to the Partnership is subject to the provisions of §704(c) of the Code, the Partners' distributive shares of income, gain, loss and deductions, as computed for federal income tax purposes, with respect to such property (and, to the



extent permitted by the Regulations, with respect to other Partnership property) shall be determined in accordance with §704(c) of the Code, by utilizing such reasonable methods selected by the General Partner, as shall be consistent with §704(c) of the Code and the Regulations promulgated thereunder, taking into account the Partners' distributive shares of the corresponding book items with respect to such property, as determined under this Article VII, §704(b) of the Code and Reg. §1.704-1(b)(1)(vi).

If §704(c) of the Code is not applicable, the depreciation, amortization and gain or loss, as computed for federal income tax purposes, with respect to Partnership property which is revalued on the books of the Partnership in accordance with Reg. §1.704-1(b)(2)(iv)(f) and which has a book value greater or lesser than its adjusted tax basis (and, to the extent permitted by the Regulations, with respect to other Partnership property) shall be allocated among the Partners in a manner that takes into account the variation between the adjusted income tax basis and the book value of such property, in accordance with §704(c) of the Code principles, utilizing such reasonable method, as determined by the General Partner, as shall be consistent with §704(c) of the Code and the Regulations.

IV. Section 7.2 is hereby amended in its entirety to read as follows:

Section 7.2 Partners' Capital Accounts. An individual capital account shall be determined and maintained for each Partner in accordance with the rules of Reg. §1.704-1(b)(2)(iv). Except as otherwise provided in such Regulations, each Partner's capital account shall be (i) credited with (a) such Partner's cash contributions to the capital of the Partnership, (b) the fair market value of property contributed to the Partnership by such Partner (as of the date of contribution and net of liabilities secured by such contributed property that the Partnership is considered to or assumed to take subject pursuant to §752 of the Code), and (c) each Partner's allocable share of the Partnership's Profits (or items of income or gain comprising the Profits and Losses of the Partnership), as determined in Article V below; and (ii) debited by (a) all distributions made by the Partnership to such Partner and (b) such Partner's allocable share of the Partnership's Losses (or items of expense or deduction comprising the Profits or Losses of the Partnership), as determined in Article V hereof. In the event that Partnership property is subject to §704(c) of the Code or is revalued in accordance with

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Reg. §1.704-1(b)(2)(iv)(f), the Partners' capital accounts shall be adjusted in accordance with Reg. §1.704-1(b)(2)(iv)(g) for allocations to them of depreciation, amortization and gain or loss, as computed for book purposes (and not tax purposes), with respect to such property.

V. A new Section 11.7 shall be added to read as follows:

Section 11.7 Transfer of General Partner's Interest. In the event that the General Partner sells or transfers all or a portion of his General Partnership interest to any person or entity who is not admitted as a General Partner, the interest sold or transferred shall be automatically converted into a Limited Partnership interest. Notwithstanding the foregoing, such converted interest shall continue to be subordinated to the interest of other Limited Partners with regard to distributions of Available Cash and allocations of Profits and Losses as provided in Sections 5.2 and 7.1 as if it were a General Partnership interest.

VI. Section 12.1(1)(b) of the Agreement is hereby amended in its entirety to read as follows:

b) The expulsion of the General Partner unless, prior to the effective date upon which he is to be expelled, a successor General Partner is elected by vote of Partners holding more than fifty (50) percent of the Percentage Interests, which successor elects to continue the business of the Partnership.

VII. Section 12.2 of the Agreement is hereby amended in its entirety to read as follows:

Section 12.2 Distributions Upon Dissolution or Liquidation of the Partnership. Upon the earlier of (i) the termination and dissolution of the Partnership as provided by Section 12.1 above, or (ii) the Liquidation of the Partnership, the General Partner (or, if none, a special liquidator appointed by Limited Partners holding in excess of fifty percent (50%) of the Percentage Interests) shall immediately commence to wind up the Partnership's affairs and, except as provided below, shall distribute all the assets of the Partnership in liquidation as soon as practicable.

During the wind-up phase of the Partnership, the General Partner (or, if applicable, the special liquidator) may sell any or all of the Partnership assets in a manner which is consistent with obtaining the fair market value thereof.

In the event of the Liquidation of the Partnership, except as provided below, all assets of the Partnership to be distributed to the Partners shall be distributed in liquidation no later than the last day of the Partnership fiscal year in which such Liquidation occurs (or, if later, within ninety (90) days of the date of such Liquidation). Notwithstanding the above, if the Partnership is treated as liquidating solely because fifty percent (50%) or more of the total interests in Partnership capital and profits were sold or exchanged within a twelve (12) month period, then the assets of the Partnership shall not be actually distributed in liquidation solely as a result of such occurrence (and no Partner shall have the right to demand a distribution solely by reason of such occurrence), but instead the assets shall be deemed distributed and re-contributed as provided in Reg. §1.708-1(b)(1)(iv), in accordance with the following rules of distribution.

The assets to be distributed in liquidation, including a deemed distribution under Reg. §1.708-1(b)(1)(iv), shall be distributed (or deemed distributed) in the following order of priority:

A. Payment to creditors of the Partnership, including Partners, in the order of priority provided by law; and

B. Payment to the Partners in proportion to and in accordance with their positive (i.e., credit) capital account balances, as determined after taking into account all proper capital account adjustments for the Partnership fiscal year during which the dissolution or Liquidation of the Partnership occurs (or, if later, through the date of the final distribution to the Partners as required by this Subsection 12.2.B), other than those adjustments made for liquidating distributions pursuant to this Section 12.2.

Notwithstanding the above, if upon the Liquidation of the Partnership the capital accounts of the Partners are adjusted in accordance with Reg. §1.704-1(b)(2)(iv)(f), the General Partner (or special liquidator, as the case may be), in its sole discretion, may, out of amounts otherwise distributable to the Partners, create reserves reasonably required to provide for Partnership liabilities (contingent or otherwise) and may withhold the distribution of installment obligations owed to the Partnership so long as (i) the other assets of the Partnership distributable to the Partners are distributed within the time set forth above and in the ratios of the Partners' positive capital account balances, and (ii) such withheld amounts, to the extent

used to satisfy Partnership liabilities, are distributed as soon as practicable and in the ratios of the Partners' positive capital account balances.

[VIII. Article XII of the Agreement is hereby amended by the addition of a new Section 12.4 which shall read as follows:

Section 12.4 Deficit Restoration Obligation.  
Should the General Partner have a deficit (debit) balance in his capital account following the liquidation of his interest in the Partnership [as defined in Reg. §1.704-1(b)(2)(ii)(g)] as determined after taking into account all proper capital account adjustments for the Partnership taxable year during which such liquidation occurs (or, if later, through the date of final distribution in liquidation of such Partner's interest as required in Section 12.2 above), other than the adjustment made for contributions by such General Partner pursuant to this Section 12.4, the deficit balance shall represent an obligation from the General Partner to the Partnership to be paid in cash no later than the last day of the Partnership taxable year during which such liquidation occurs [or, if later, no later than ninety (90) days after the date of such liquidation]. If a Limited Partner has a deficit balance in such Limited Partner's capital account following the liquidation of his or her interest in the Partnership, such Limited Partner shall have no obligation to restore such deficit balance.]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment effective as of the first day written above.

Signed, sealed and delivered  
in the presence of:

Diana Neil  
Marilyn C. Lears

GENERAL PARTNER

Lowell D. Chesborough

Signed, sealed and delivered  
in the presence of:

Diana Neil  
Marilyn C. Lears

LIMITED PARTNERS

By General Partner as per Powers of Attorney

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