



THE UNITED STATES
CORPORATION
COMPANY

A24201

ACCOUNT NO. : 072100000032

REFERENCE : 997385 89670A

AUTHORIZATION :

Patricia Piguet

COST LIMIT : \$ 52.50

FILED
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ORDER DATE : October 15, 1998

ORDER TIME : 3:09 PM

ORDER NO. : 997385-015

CUSTOMER NO: 89670A

⑨

CUSTOMER: Mr. Thomas Flynn
Flynn Property Corporation
Suite 8
516 Lakeview Road
Clearwater, FL 33756-3302

DOMESTIC AMENDMENT FILING

NAME: AFM RRH, LTD.

RECEIVED
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DIVISION OF CORPORATION

EFFECTIVE DATE:

XX ARTICLES OF AMENDMENT
 RESTATED ARTICLES OF INCORPORATION

B/K 10/15/98
10/15/98

PLEASE RETURN THE FOLLOWING AS PROOF OF FILING:

 CERTIFIED COPY
XX PLAIN STAMPED COPY
 CERTIFICATE OF GOOD STANDING

500002664975--1

CONTACT PERSON: Jeanine Reynolds

EXAMINER'S INITIALS:

B/K
10/15/98

Original

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SECOND AMENDMENT TO
AMENDED AND RESTATED
AGREEMENT AND CERTIFICATE OF LIMITED PARTNERSHIP
OF
AFM-RRH LIMITED

THIS AGREEMENT, made and entered into as of the 1st day of March, 1998, by and among JACK SHUBERT as the withdrawing general partner and guarantor (the "Withdrawing General Partner" and, where applicable the "Guarantor"), BAYFIELD LOW INCOME HOUSING LIMITED PARTNERSHIP, the successor in interest to the investor partner, NORWICH ESTATES LIMITED PARTNERSHIP, as the limited partner (herein sometimes the "Limited Partner" and/or "Investor Partner") and AFM ONE, INC., a Florida corporation, as the new substitute general partner (the "Substitute General Partner") and is entered into in connection with an agreement of sale between JACK SHUBERT and GREENLEAF ENTERPRISES, INC., dated September 6, 1996.

W I T N E S S E T H:

WHEREAS, certain of the Parties previously entered into that certain LIMITED PARTNERSHIP AGREEMENT AND CERTIFICATE of AFM-RRH LIMITED executed on the 25th day of February, 1987 and filed on the 26th day of February, 1987;

WHEREAS, certain of the Parties thereafter entered into that certain CERTIFICATE OF AMENDMENT OF LIMITED PARTNERSHIP executed on the 30th day of October, 1987 and filed on the 15th day of December, 1987, in the office of the Secretary of State, State of Florida; certain of the Parties thereafter entered into that certain AFFIDAVIT OF CAPITAL CONTRIBUTION executed on the 25th day of February, 1987 and filed on the 26th day of February, 1987, in the office of the Secretary of State, State of Florida; certain of the Parties thereafter entered into that certain AMENDED AND RESTATED AGREEMENT AND CERTIFICATE OF LIMITED PARTNERSHIP OF AFM-RRH LIMITED, dated as of the 13th day of September, 1988 and filed on the ____ day of ____ 1998, in the office of the Secretary of State, State of Florida; and certain of the Parties thereafter entered into that certain AMENDMENT TO AMENDED AND RESTATED AGREEMENT AND CERTIFICATE OF LIMITED PARTNERSHIP OF AFM-RRH LIMITED, dated as of the 1st day of July, 1990 and filed on the ____ day of ____, 1998, in the office of the Secretary of State, State of Florida; (the foregoing collectively referred to as the "Partnership Agreement"; Capitalized terms used herein and not otherwise defined herein shall have the meanings specified in the Partnership Agreement or in the Plan);

WHEREAS, the parties hereto wish to enter into this Agreement and the Second Amendment to the Limited Partnership Certificate of AFM-RRH, Ltd. (the "Second Amendment") for the following purposes: (i) having JACK SHUBERT withdraw as the General Partner (ii) having AFM ONE, INC. admitted as the new and sole General Partner, and (iii) amending and superseding the Partnership Agreement as hereinafter set forth (All references to sections below shall be to the Partnership Agreement):

NOW, THEREFORE, it is hereby agreed and the Partnership Agreement is hereby further amended and superseded as follows:

(1) A new Section 1.6 captioned "Special Limited Partner" is hereby added and shall read as follows:

“(A) The Withdrawing General Partner is hereby admitted to the

Partnership as a Special Limited Partner and shall hold and/or continue to hold all of its remaining interests in the Partnership, not otherwise transferred hereby, as and in its capacity as a Special Limited Partner and in such capacity only.

"(B) The Special Limited Partner shall have no voting rights under the Partnership Agreement but shall be entitled to all other rights and be subject to all other obligations of a Limited Partner of the Partnership."

(2) The following shall be added to Section 6.1- Capital of the General Partner:

"In consideration of the terms and conditions set forth in that certain Agreement for Sale and Purchase Agreement between the Withdrawing General Partner and GREENLEAF ENTERPRISES, INC. dated September 6, 1996 (the "Sale Agreement"), sixty percent (60%) of the interest in the Partnership, its capital, profits, losses, allocations, distributions and all other matters, except as specified in Paragraphs (1), (6) and (9) hereafter or otherwise in this Agreement, of the Withdrawing General Partner is hereby transferred and assigned to the Substitute General Partner."

(3) Section 5.1 shall be amended to read as follows:

"Location. The principal place of business of the Partnership shall be 2424 Enterprise Rd., Suite "G", Clearwater, Florida 33763, or at such other location or locations as the General Partner may determine. The General Partner may establish such additional places of business of the Partnership as may be deemed necessary or desirable by the General Partner for the operation of the Partnership's business."

(4) A new Section 5.3 captioned "Registered Agent, Address" shall be added and read as follows:

"The registered agent of the Partnership is THOMAS F. FLYNN and the registered office of the Partnership is 2424 Enterprise Rd., Suite "G", Clearwater, Florida 33763."

(5) Section 6.3 shall be amended to read as follows:

"(a) The Withdrawing General Partner for itself and for the Partnership hereby waives all payments whether styled as Capital Contributions or Developer's Fee not heretofore paid (but not any payments due as Management Fees), due or to become due hereafter from Bayfield, including interest thereon, in connection with the syndication of the tax credits and losses with respect to the Project whether under the Partnership Agreement or the Plan."

"(b) The Substitute General Partner for itself and for the Partnership hereby waives all payments styled as Capital Contributions or Developer's Fee not heretofore paid (but not any payments due as Management Fees and not any Distributions to be made to the Substitute General Partner pursuant to Sections 8.8(d), 11.1, 11.4, 11.5, 11.6, 11.7 and 12.1 of the Partnership Agreement), due or to become due hereafter from Bayfield, including interest thereon, in connection with the syndication of the tax credits and losses with respect to the Project whether under the Partnership Agreement or the Plan."

(6) Section 7.2 is amended by inserting the following at the end thereof:

"The Substitute General Partner shall not be responsible for any action or inaction or breach of any representation, warranty, covenant or agreement of the

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Withdrawing General Partner which occurred prior to the admission of the Substitute General Partner to the Partnership. The Withdrawing General Partner hereby guarantees the performance of and satisfaction by the Substitute General Partner of any and all obligations as the General Partner under the Partnership Agreement, the same as if it had remained the general partner. Anything to the contrary notwithstanding in this Agreement or otherwise, the Withdrawing General Partner shall not be liable under its guarantee if the Substitute General Partner is adjudicated to have committed fraud or taken other non approved actions to the detriment of the Partnership."

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(7) Section 8.1(f) is amended by inserting the following at the end thereof:

"but is not required to make any such loan for any reason, anything in this Agreement to the contrary notwithstanding"

(8) With respect to Sections 9.1 and 9.2 of the Amended and Restated Partnership Agreement, as amended, the Withdrawing General Partner will continue to be liable for gross negligence and willful misconduct for the time that it was general partner and will further continue to be liable for fraud, willful misconduct and gross negligence as to any action set forth in Section 6.4 thereof and under its guarantee provided in paragraph 6 hereof.

(9) The following shall be added to Section 10.7 of Article X:

"Nothing herein contained or contained in the Partnership Agreement as amended hereby shall cause more than an aggregate forty-nine percent (49%) interest in the capital or profits of the Partnership to be transferred from the Withdrawing General Partner to the Substitute General Partner. Anything contained herein or in the Amended and Restated Partnership Agreement to the contrary notwithstanding allocating a greater than forty-nine percent (49%) aggregate interest in the capital or profits of the Partnership to the Substitute General Partner shall be of no force or effect with respect to such greater portion thereof and the Withdrawing General Partner shall continue to hold such greater portion, together with any other interests herein specified, as a Special Limited Partner of the Partnership."

(10) Section 12.1 is amended by inserting the following at the end thereof:

"The undersigned agree that the current management agreement with the current managing agent, Flynn Management Corporation, a Florida corporation, is ratified and affirmed."

(11) Section 17.4 is amended to read as follows:

"Preparation of Annual Audit Report and Tax Returns - The General Partner shall engage Smith & Radigan, Atlanta, Georgia to prepare or cause to be prepared the annual audit report and a partnership information return and any required state and local income tax returns for the Partnership for each tax year of the Partnership, and in connection therewith, shall make any appropriate elections, including elections with respect to the useful lives of the properties of the Partnership and the rates of cost recovery of such properties. Neither the Partnership nor the Substitute General Partner on behalf of the Partnership as a reimbursable expense shall be required to pay in excess of \$3,250 annually for all such annual reports and tax returns, except for any penalties or late fees provided in the Plan, with any excess to be paid by the Limited Partner. This provision applies only to the Preparation of Annual Audit Reports and Tax Returns."

(12) The following is added to Section 17.3:

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"Within thirty (30) days of the filing of this Amendment with the Secretary of State, the Withdrawing General Partner agrees to turn over to the Substitute General Partner and the Substitute General Partner will pursue and enforce the delivery of all historical books and records and tenant files of or for AFM-RRH to the Substitute General Partner and all funds maintained in the Operating Partnership's general, tax and escrow accounts, tenant security and reserve accounts, in this later regard, in amounts not less than the amounts shown on the Annual Reports for the Partnership as of December 31, 1997."

(13) Section 8.4(b) is amended by inserting the following at the end thereof:

"all of the foregoing not to be done to the detriment of the Project."

(14) Each section of Article X "ALLOCATIONS" and Article XI "DISTRIBUTIONS" shall be amended to provide as follows:

"All items hereby allocated or distributed to the "General Partner" shall hereafter be allocated sixty percent (60%) to the Substitute General Partner and forty percent (40%) to the Withdrawing General Partner as Special Limited Partner."

(15) The following shall be added to Section 10.7 of Article X:

"Anything in this Agreement to the contrary notwithstanding, it is expressly intended that the entity formed hereby be a partnership as determined by the applicable provisions of the Code, the rules and regulations promulgated thereunder, and other laws pertaining thereto, and that in every respect all of the terms and provisions hereof shall at all times be so construed and interpreted as to give effect to this intent. In the event that the Internal Revenue Service of the United States or any governmental authority having jurisdiction shall in any way or at any time determine that any provision or provisions of this Agreement affects the status of this entity, the General Partner shall amend or modify the terms and provisions of this Agreement to the extent necessary to comply with the rules, regulations and requirements of the Internal Revenue Service of the United States or any other government authority having jurisdiction, in order that the entity formed hereby be treated as a partnership, be taxable as such, that such status not be adversely affected by any transfer of any General Partner interest, and the Partners hereof at all times remain taxable as partners of a partnership; which modification or amendment shall be retroactively applied to the earliest date necessary, including the date of formation of the Partnership."

(16) Section 12.2, Replacement of a Managing Agent, is amended by deleting everything after subsection "(ii)" and inserting the following:

"or (iii) if within 30 days after notice from the Investor Partner that the IRS, the Governmental Agency, the Partnership's accountants or the Investor Partner has determined that one or more apartments in the Project are occupied by tenant(s) who do(es) not qualify under Section 42 of the Internal Revenue Code, the management company or the General Partner has not given the tenant notice or otherwise taken steps to cure the unqualified nature of each such apartment or thereafter has not totally cured the unqualified nature of each such apartment, then in any such event, the Investor Partner shall have the authority to require the General Partner to terminate the Management Agreement and appoint a New Managing Agent, subject to any required Governmental Agency approvals and the approval of the Investor Partner's General Partner, which approval in its sole discretion may be withheld. The failure of the General Partner, with time of the essence, to appoint a New Managing Agent approved by the Investor Partner, shall be "cause" for removal of the General Partner pursuant to Section 14.5 of the Partnership Agreement, without court action."

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(17) Section 20.1 - Definitions - is amended by inserting the following new definitions:

"General Partner. From and after the date hereof, AFM ONE, INC. or any substitute General Partner as provided in this Agreement."

" 'Affiliate' or 'Affiliated Person' shall mean, when used with reference to a specified person, (a) any person that directly or indirectly through one or more intermediaries controls or is controlled by or is under common control with the specified person, (b) any person who is an officer, partner or trustee of, or which serves in a similar capacity with respect to, the specified person or of which the specified person is an officer, partner or trustee, or with respect to which the specified person serves in a similar capacity, (c) any person which, directly or indirectly, is the beneficial owner of 10% or more of any class of equity securities of, or otherwise has a substantial beneficial interest in, the specified person or of which the specified person is directly or indirectly the owner of 10% or more of any class of equity securities or in which the specified person has a substantial beneficial interest and (d) a spouse or child living in the household of the specified person.

"However, in the event of a conflict between the above definition and the Plan, the Plan shall control."

(18) Section 22.1 (a) and (b) shall be amended to read as follows:

"(a) To the General Partner c/o Thomas F. Flynn, 2424 Enterprise Rd., Suite G, Clearwater, Florida 33763.

"(b) To the Limited Partner c/o Megan Asset Management, Inc., Suite 102, 1424 West Century Avenue, Bismarck, North Dakota 58501."

(19) Sections 2.1; 6.4; 8.8 a, and b; 8.9; 9.3; 9.4; 9.5; 9.6, and 18.1 c (unless currently being furnished) do not apply to the Substitute General Partner

(20) In all other respects, the Partnership Agreement is hereby ratified and confirmed by the undersigned parties, and by executing this Agreement below, all the undersigned parties do give their consent and approval to all matters herein and in the Partnership Agreement and the Second Amendment for which such consent and approval is required under the terms of the Partnership Agreement.

(21) By signing this Agreement, the Substitute General Partner agrees to be bound by and hereby assumes all of the obligations of the General Partner under the Partnership Agreement, from on and after the date hereof, to the same extent and under the same terms as the Withdrawing General Partner, except as specifically modified hereby.

(22) By signing this Agreement, the Limited Partner hereby consents to the withdrawal of the Withdrawing General Partner as the General Partner and the admission of AFM ONE, INC. as the Substitute General Partner of the Partnership.

(23) By signing this Agreement, the Withdrawing General Partner hereby withdraws as the General Partner of the Partnership and transfers sixty (60%) of its interest in the capital or profits of the Partnership to the Substitute General Partner; consents to the admission of AFM ONE, INC. as the substitute General Partner of the Partnership; to his becoming and holding his remaining interest in the Partnership as Special Limited Partner; consents to the guarantee set forth in paragraph 6 and continuing liabilities specified in paragraph 9 hereof; and agrees to provide any bond or satisfy any conditions required by the IRS or Section 42 of the IRC as a result of the transfer of the partnership interest herein.

(24) This Agreement shall become effective upon the date first above written when Megan Asset Management, Inc., shall have received this Agreement duly executed by all parties hereto and upon the consent and approval by Rural Development (formerly the Farmer's Home Administration) of the withdrawal of the Withdrawing General Partner and the admission of the Substitute General Partner and the other matters set forth herein, it being understood that it is the sole responsibility of the Substitute General Partner to secure such consent and approval.

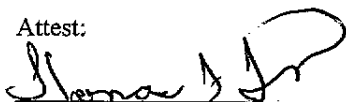
(25) This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same instrument.

(26) This Agreement shall be governed by, and construed in accordance with, the laws of the State of Florida. In the event that any party is required to enforce the terms of this Agreement by the commencement of a legal action, the prevailing party in any such action will be entitled to have all attorneys' fees and costs reimbursed by the non-prevailing party.

(27) This Agreement amends the Partnership Agreement. In the event that the Parties have not executed a prior amendment to the Partnership Agreement for the purpose of supplementing and amending the Partnership Agreement as required or permitted by the Plan, the Parties shall enter into such an amendment which shall constitute the Partnership Agreement for purposes of this Agreement.

IN WITNESS WHEREOF, the Parties have subscribed and sworn to this Agreement as of the date first above written.

Attest:


Secretary

AFM ONE, INC.,
a Florida corporation
Substitute General Partner

By:


Thomas F. Flynn, President

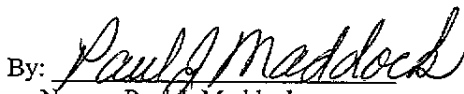
Attest:




JACK SHUBERT
Withdrawing General Partner and
Guarantor

BAYFIELD LOW INCOME HOUSING LIMITED PARTNERSHIP
(as the successor in interest to Norwich Estates Limited Partnership)

By: Megan Asset Management, Inc.
General Partner and Independent Manager

By: 
Name: Paul J. Maddock
Title: President

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STATE OF FLORIDA
COUNTY OF PINELLAS

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On this the 14th day of October, 1998, before me, the undersigned, a notary public of said state, duly commissioned and sworn, personally appeared THOMAS F. FLYNN, as President of AFM ONE, INC., who is personally known to me to be the individual who executed and delivered the foregoing instrument, and he duly acknowledged to me that he executed and delivered the same in his capacity as President of AFM-RRH ONE, INC., Substitute General Partner of the Partnership and for the purposes therein contained.

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

(SEAL)

Carol Hildebrandt

NOTARY PUBLIC

My commission expires:



Carol Hildebrandt
My Commission CC596337
Expires January 31 2001

STATE OF FLORIDA
COUNTY OF Seminole

On this the 31st day of August, 1998, before me, the undersigned, a notary public of said state, duly commissioned and sworn, personally appeared JACK SHUBERT, who is personally known to me or who produced _____ as identification, and who executed and delivered the foregoing instrument, and he duly acknowledged to me that he executed and delivered the same as the Withdrawing General Partner and Guarantor of the Partnership and for the purposes therein contained.

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

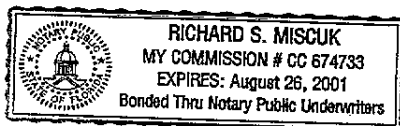
(SEAL)

Richard S. Miscuk

NOTARY PUBLIC

My commission expires:

8/26/2001



STATE OF NORTH DAKOTA

SS

COUNTY OF BURLEIGH

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On this the 2 day of ^{OCTOBER} ~~April~~, 1998, before me, the undersigned, a notary public of said state, duly commissioned and sworn, personally appeared Paul J. Maddock, to me known, who being by me duly sworn, did depose and say that he resides at 1401 Canyon Drive, Bismarck, North Dakota 58501; that he is the President of Megan Asset Management, Inc., the corporation described in and which executed and delivered the foregoing instrument as the General Partner of Bayfield Low Income Housing Limited Partnership; and he signed his name thereto on behalf of said corporation for the purposes therein contained.

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

(SEAL)


NOTARY PUBLIC

My commission expires

Jan. 8, 2004