

A94000000141

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ADMITTED IN FLORIDA, VIRGINIA,
WASHINGTON, D.C. & IDAHO

OF COUNSEL

ADELE VIRGINIA STONES

October 2, 1997

Florida Department of State
Division of Corporations
P.O. Box 6327
Tallahassee, FL 32314

50000237039
-12/12/97-010224802
****541.25 ****525.50

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STATE DEPT OF STATE
DIVISION OF CORPORATIONS

Re: Application for Reinstatement for
Limited Partnership and Certificate of Amendment

Dear Division of Corporations:

Enclosed please find the following original signed documents:

1. Application for Reinstatement for Limited Partnership.
2. Certificate of Amendment.
3. Amended and Restated Limited Partnership Agreement.

Also enclosed is a check in the amount of \$2,135.00 to cover payment of fees as follows:

Reinstatement:	1996 dues and supplemental fees:	\$541.25
	1996 penalty:	\$500.00
	1997 dues and supplemental fees:	\$541.25
	1997 penalty:	\$500.00

Certificate of Amendment: \$ 52.50

Please process this amendment and reinstatement and file these original documents among the records of the Florida Department of State.

If you have any questions or problems with this filing, please contact this office.

Sincerely,

Susan M. Cardenas

Susan M. Cardenas
SMC/abk

cc: Jaime Benavides

CORAMINO

FF \$52.50

Name
Availability
Document Examiner
Updater
Updater Verifier
Acknowledgement
W. P. Verityer



FLORIDA DEPARTMENT OF STATE

Sandra B. Mortham
Secretary of State

October 7, 1997

CAYO HUESO COTTAGES LIMITED PARTNERSHIP
1205 CALAIS LANE
KEY WEST, FL 33040

SUBJECT: CAYO HUESO COTTAGES LIMITED PARTNERSHIP
Ref. Number: A94000000141

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We have received your document for CAYO HUESO COTTAGES LIMITED PARTNERSHIP and your check(s) totaling \$2082.50. However, the enclosed document has not been filed and is being returned for the following correction(s):

The total amount due to reinstate is \$2623.75.

Please return your document, along with a copy of this letter, within 60 days or your filing will be considered abandoned.

If you have any questions concerning the filing of your document, please call (850) 487-6020.

Tammi Cline
Document Specialist

Letter Number: 097A00049084

**CERTIFICATE OF AMENDMENT AND REINSTATEMENT
TO
CERTIFICATE OF LIMITED PARTNERSHIP
OF**

CAYO HUESO COTTAGES LIMITED PARTNERSHIP

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

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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 January 28, 1994, adopts the following certificate of amendment to its certificate of limited partnership:

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

Preamble: Change in General Partners

Article 2.5 Change in General Partners

Article 5.1 Names/Addresses of General Partners

Article 5.2 Places of residence of limited partners (Exhibit "A")

Article 6.1 Address of recordkeeping office

Article 6.2 Address of registered agent for service of process

Article 11 Distributions (Revised distribution schedule also noted on Exhibit "C")

Article 12 Books and Records

Article 21 Notices

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: CAYO HUESO COTTAGES, INC.

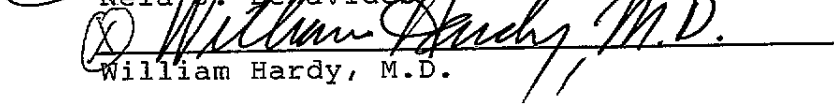
BY: 

Jaime M. Benavides, President

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


Jaime M. Benavides


Nela M. Benavides


William Hardy, M.D.

AMENDED AND RESTATED
LIMITED PARTNERSHIP AGREEMENT
FOR
CAYO HUESO COTTAGES LIMITED PARTNERSHIP

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THIS LIMITED PARTNERSHIP AGREEMENT made as of this 1st day of June, 1997, between JAIME M. BENAVIDES; NELA J. BENAVIDES and WILLIAM HARDY, M.D. (the "General Partners"), and the undersigned Limited Partners, a list of which is attached hereto as Exhibit "A" (collectively, the "Limited Partners"), all of whom may sometimes hereinafter be referred to as "Partners".

FORMATION OF PARTNERSHIP.

1. The parties to this Agreement agree to become Partners and hereby form a limited partnership under and pursuant to the provisions of the Florida Revised Uniform Limited Partnership Act (1986), Chapter 620 Florida Statutes (the "Limited Partnership Act") as it may from time to time be amended, and to engage in the business hereinafter described for the period and upon the terms and conditions hereinafter set forth.

DEFINITIONS.

2. As used in this Agreement the following terms shall have the meanings set forth below:

2.1 "Agreement" shall mean this Agreement as originally executed, or if amended or supplemented, as so amended or supplemented.

2.2 "Assigned Value" with respect to assets of the Partnership means the value of the asset as established by the Managing General Partner using any valuation method permitted by the Code.

2.3 "Capital Contribution" shall mean the total amount of cash or property, including any promissory notes, contributed to the Partnership by any Partner or all Partners.

2.4 "Code" shall mean the Internal Revenue Code of 1986, as amended.

2.5 "General Partner" shall mean Jaime M. Benavides, Nela J. Benavides, and William Hardy, M.D.

2.6 "Interest" or "Partnership Interest" in respect to a Partner shall mean his total amount of Capital Contributions to the Partnership.

2.7 "Limited Partners" shall mean the Limited Partners designated as Limited Partners in this Agreement, a list of those Limited Partners is attached hereto as Exhibit "A". Said Limited Partners shall become Limited Partners upon their execution of this Agreement and their contribution of \$50,000.00 per unit to the initial capital of the Partnership.

2.8 "Managing General Partner" shall mean the General Partner who is authorized to make any Partnership decisions and acts in the daily, usual and ordinary course of the Partnership business. Unless expressly herein otherwise

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provided, all references herein to any action taken by the Partnership shall mean action taken in its name and on its behalf by the Managing General Partner. The Managing General Partner shall have all the rights, powers and duties usually vested in the general partner of a limited partnership organized for the purposes for which the Partnership has been organized. Initially, the Managing General Partner shall be Jaime M. Benavides.

2.9 "Net Profits" and "Net Losses" for each year shall mean the net profits or net losses of the Partnership as reported on the Partnership's federal income tax return for such year other than profit or losses of the Partnership arising from the sale, exchange or other disposition of all or any substantial part of the Partnership Property, from any voluntary or involuntary conversion of Partnership Property, from liquidation of the Partnership Property following dissolution or from a casualty or taking in condemnation affecting Partnership Property.

2.10 "Partner" is any party to this Agreement, or its successor in interest or assigns.

2.11 "Partnership" shall mean the limited partnership formed under the laws of the State of Florida to be conducted pursuant to this Agreement, both as originally existing and as reconstituted from time to time pursuant to this Agreement.

2.12 "Property" shall mean and refer to that real

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property, together with improvements, located in Monroe County, Florida, described in Exhibit "B" attached hereto and made a part hereof.

2.13 "Pro Rata" or "Pro Rata Percentage" shall mean in respect of allocation of Net Profits and Net Losses each Partner's interest in the foregoing items determined as follows:

The percentage that such Partner's Capital Contribution bears to the total of all Capital Contributions to the Partnership.

2.14 "Subscription Agreement" means the instrument by which a prospective Limited Partner agrees to purchase an interest in the Partnership.

NAME OF PARTNERSHIP.

3. The name of the partnership is Cayo Hueso Cottages Limited Partnership. The Partnership may conduct its business under such other fictitious names as the general partner may elect from time to time.

PARTNERSHIP PURPOSE AND BUSINESS.

4.1 The purpose of and character of the business of the Partnership is to acquire a certain parcel of property, together with the improvements, described in Exhibit "B" attached hereto and made a part hereof, and thereafter to hold, operate, lease and maintain the property, and sell or otherwise dispose of the property and do all things necessary, convenient or incidental to

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the development of such property and the ownership, operation and possible eventual disposition of all or any part of the property and all personal property related thereto.

4.2 In view of the exclusive and limited purposes of the Partnership, no partner shall have any obligation to make other real estate opportunities not involving the property described in Exhibit "B" available to the Partnership or any of its partners. Any partner may engage in and/or possess interests in other business ventures of every nature and description, independently or with others, and neither the Partnership nor any partner shall have any rights by virtue of this Agreement or the existence of this Partnership in and to said independent ventures or to the income or profits derived therefrom. The fact that a partner, a member of his family, or an associate of his is employed by, or owns or is otherwise directly or indirectly interested in or connected with, any person, firm, or corporation employed or retained by the Partnership to render or perform management, mortgage placement, financing, brokerage, or other services, or from whom the Partnership may buy merchandise or other property, borrow money, arrange financing, or place securities, or to or from whom the Partnership shall lease real property, shall not prohibit any general partner from executing a lease with or employing such person, firm, or corporation or from otherwise dealing with him or it, and neither the Partnership nor any of the partners as such shall have any right in or to any income or profits derived therefrom.

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NAMES AND ADDRESSES OF PARTNERS.

5.1 The names and addresses of the general partners are:

- (i) Jaime M. Benavides
1205 Calais Lane
Key West, FL 33040
- (ii) Nela J. Benavides
702 Catherine Street
Key West, FL 33040
- (iii) William Hardy, M.D.
608 Abbie Court
Pleasanton, CA 94566

5.2 The names and places of residence of the limited partners are set forth on the signature pages and on Exhibit "A" which is attached hereto.

RECORDKEEPING OFFICE; AGENT FOR THE SERVICE OF PROCESS.

6.1 The recordkeeping office of the Partnership shall be maintained at 1205 Calais Lane, Key West, Florida, 33040, or at time designate. The Partnership shall maintain such additional offices as the managing general partner may determine.

6.2 The agent for service of process shall be Jaime M. Benavides, 1205 Calais Lane, Key West, Florida, 33040.

TERM OF PARTNERSHIP.

7. The term for which the Partnership shall exist shall be from the date of filing of a certification of limited partnership as provided by the Limited Partnership Act, until December 31, 2000, unless sooner dissolved by:

A. The election by the general partner and a majority in interest of the limited partners to dissolve the Partnership;

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B. The disposition of all of the property, real and personal, owned by the Partnership; provided, however, that if such sale involves the receipt by the Partnership of purchase money obligations, then, in such event, the Partnership shall not dissolve, except with the consent of all general partners, prior to the collection or other disposition of such purchase money obligations;

C. The death, adjudication of bankruptcy, dissolution, insanity, withdrawal, retirement, removal or other termination of the general partner.

D. The filing with the Secretary of State of the State of Florida of the original and a duplicate original of a certificate of cancellation of the certificate of limited partnership fully executed by all then remaining partners; or

E. Notice of termination given one year prior by the general partner to all of the other partners, provided that such notice shall not be given so long as any real estate then owned by the Partnership shall then be subject to any mortgage; or

F. When otherwise dissolved by operation of law.

CAPITAL CONTRIBUTIONS OF PARTNERS.

8.1 General Partner: Upon execution of this Agreement the general partner shall contribute to the capital of the Partnership One Hundred Thousand (\$100,000.00) Dollars in cash and shall be required to provide the Partnership with development, management and other services as contemplated herein.

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8.2 Limited Partners: The Partnership intends to sell Limited Partnership interests to three (3) subscribers. Each such person shall become a limited partner in the Partnership at such time as (i) he has delivered a Subscription Agreement and he has signed the signatory page to be attached to this Agreement; (ii) he has contributed his pro rata percentage of the capital contribution required to be contributed by the limited partner; and (iii) such subscription has been accepted by the general partner. Each limited partner shall pay his pro rata percentage of the total required capital contributions of the limited partners in cash as a condition to becoming a limited partner.

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CAPITAL ACCOUNTS.

9. There shall be established on the books of the Partnership a separate capital account for each partner. There shall be credited to each partner's capital account all cash contributed by such partner to the capital of the Partnership, the amount of net profits and gain which is allocated to such partner from time to time. There shall be charged against each partner's capital account all cash distributed to such partner and the amount of net losses and loss which is allocated to such partner from time to time. Any partner with a deficit in his capital account following the distribution of liquidation proceeds shall be required to restore the amount of such deficit to the Partnership, which amount shall be distributed proportionately to the partners in accordance with their positive capital account balances or paid to creditors.

ALLOCATION OF NET PROFITS AND NET LOSSES.

10. The net profits and net losses, including deductions and expenses attributable to depreciation and/or amortization of capital assets and amortization of construction loan interest and taxes, if any, shall be allocated in the manner and order of priority as specified on Exhibit "C" attached hereto and incorporated herein by reference. The allocation of net profits from operational cash flow recognizes an increased distribution to the general partner for extraordinary performance in the event net profits exceed the projections outlined in the Proposal to Create a Limited Partnership dated November 2, 1993.

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DISTRIBUTIONS.

11. Net Cash Proceeds: Net cash proceeds shall be distributed bi-annually, within (30) days following the end of the second and fourth quarters of the tax year, or more often at the discretion of the managing general partner, in the following order of priority with no distribution being made in any category set forth unless and until each preceding category has been satisfied in full:

A. Payment of debts and liabilities of the Partnership which are due and owing, except payment of debts which may be deferred, but only to the extent that the managing general partner expects to receive subsequently net cash proceeds which can be used to satisfy such debts and liabilities;

B. Then to the setting up of reasonable reserves as determined by the managing general partner for the purpose of

disbursing such reserves in payment of any contingent liabilities or obligations of the Partnership, and at the expiration of the reserve period, the balance of such reserves, if any, shall be distributed with the remaining net cash proceeds;

C. Then, the remainder to be distributed in the order of priority as provided in Section 10 above.

BOOKS AND RECORDS TO BE KEPT.

12. The Partnership shall maintain in its recordkeeping office, full and accurate books that shall fully reflect each transaction of the Partnership, including without limitation those records specified in Section 620.106, Florida Statutes, as it may from time to time be amended.

Records kept under this Section 12 are subject to inspection and copying during ordinary business hours at the reasonable request, and at the expense of any partner.

The books shall be closed and balanced at the end of each calendar year and within seventy-five (75) days thereafter, each party shall be furnished a financial statement, including a profit and loss statement, a balance sheet, a statement of each party's capital accounts and, within eighty (80) days of such year end, a statement reflecting each party's share of Partnership income or loss for income tax purposes. Any partner shall be entitled to an audit of all books and records of the Partnership at any reasonable time at his own expense.

In addition to the above-referenced year end statements, the managing general partner shall prepare a quarterly cash flow

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report reflecting income and expenses of the partnership for the preceding quarter. Said quarterly cash flow reports shall be furnished to each partner within thirty (30) days after the end of each quarter as follows:

- a. On or before the 30th day of April of each year.
- b. On or before the 30th day of July of each year.
- c. On or before the 30th day of October of each year.
- d. On or before the 30th day of January of each year.

MANAGEMENT OF PARTNERSHIP

13.1 Managing General Partner's Duties: The managing general partner shall have full and complete charge of all affairs of the Partnership. The management and control of the Partnership's business shall rest exclusively with a designated managing general partner subject to the terms and conditions of this Agreement. The managing general partner shall devote to the affairs of the Partnership whatever time shall reasonably be necessary to operate and manage the assets of the Partnership in a manner consistent with prevailing standards for professional managers of real estate partnerships. Nothing in this Agreement shall be deemed to restrict in any manner the right of any partner to engage in any other business or activity whatsoever, even if such business or activity competes with the business of the Partnership.

13.2 Managing General Partner's Compensation: In addition to the distributions otherwise provided by this Agreement, the managing general partner shall receive for his services as

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managing general partner in administering the Partnership, said compensation which shall be set forth in Exhibit "D" attached hereto. The managing general partner shall also be reimbursed by the Partnership for all actual, reasonable and appropriate expenses incurred by or for the account of the managing general partner in connection with the Partnership or its affairs.

13.3 Authority of General Partners: No person, firm or corporation dealing with the Partnership shall be required to inquire into the authority of the general partner to take any action or make any decision hereunder.

13.4 Limitations of General Partner's Duties: Insofar as the rights of the other partners are concerned, the general partner's obligations to perform the functions enumerated herein and such other obligations as they may have by operation by law or otherwise, shall be performable only to the extent that the Partnership has funds from time to time available therefor, and the general partner shall not be obligated to furnish its own funds for any such purposes. In the exercise of any of its responsibilities or authority under this Agreement or otherwise, the general partner shall be obligated to act in good faith, and so long as it acts in good faith, it shall have no liability or obligation to any other partner for any decision or any act or omission, irrespective of whether or not such decision, act, or omission may have been reasonably prudent or in good business judgment.

POWERS OF THE GENERAL PARTNER

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14.1 Subject to Section 7 hereinabove, the general partner shall possess all of the powers and rights of a general partner under Section 620.125 of the Limited Partnership Act. Without limiting the generality of the foregoing, the managing general partner shall have the power, on behalf of the Partnership and in its absolute discretion to:

A. Sell, assign, convey or otherwise transfer title to the property and any portion of the real and personal property and other assets of the Partnership, including any interest in any mortgage, lease, or other interest in real or personal property owned by the Partnership; however, the managing general partner shall only be permitted to sell all or substantially all of the property if a majority in interest of limited partners indicate their willingness to accept an offer which is submitted to them by the managing general partner in accordance with the notice provisions of Section 22 of this Agreement. Limited partners shall indicate their approval or disapproval of the sale of the property to the managing general partner in writing within 15 days. **The failure of the limited partners to respond in writing within 15 days of receipt of the notice shall constitute an acceptance of the offer by the nonresponding limited partners;**

B. Construct or cause the construction of such buildings and other improvements upon land owned or leased by the Partnership and such additions and alterations or existing improvements as it deems proper;

C. Lease upon such terms as it deems proper all or

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any portion of the real or personal property of the Partnership, whether or not the space or facility so leased is to be occupied by the lessee or, in turn, subleased in whole or in part to others;

D. Borrow money for the Partnership, and, as security therefor, mortgage all or any part of the Partnership's real or personal property and in conjunction therewith execute all necessary papers and documents, including, but not limited to bonds, notes, mortgages, pledges, and security agreements for and on behalf of the Partnership;

E. Obtain replacements of mortgages of the Partnership property;

F. Prepare, in whole or in part, refinance, recast, increase, modify, consolidate, correlate, or extend on such terms as they deem proper any mortgages affecting the real or personal property of the Partnership;

G. Place record title to the Partnership's real or personal property in the name or names of a nominee or nominees for the purpose of mortgage financing or any other convenience or benefit to the Partnership;

H. Employ from time to time persons, firms, and corporations, on such terms and for such compensation as they shall deem proper, to operate and manage the Partnership's real property, including, without limitation, a supervisory management agent, a general real estate management agent, and accountants and attorneys;

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I. Set aside investment funds of the Partnership for payment of past, current, and future liabilities of the Partnership, including, but not limited to, liabilities of the Partnership to individual partners;

J. Execute, acknowledge and deliver any and all instruments to effectuate any of the foregoing powers;

K. Make or revoke elections referred to in the Code or in any statute that may hereafter be enacted in substitution therefor. In the event of such elections, each partner hereby agrees to supply the partnership the information necessary to give effect thereto; and

L. Change the agent for service of process named in Section 6 above.

14.2 Each limited partner hereby acknowledges, consents and ratifies that certain Agreement between Owner and Contractor (A1A A117) entered into between the Partnership, as owner, and J.B. Enterprises of Key West, Inc., as contractor, for the construction of buildings and other improvements upon the property described in Exhibit B hereto.

14.3 Each limited partner hereby makes, constitutes and irrevocably appoints the general partner, and any successor general partner duly appointed in accordance with the provisions of the Agreement, his true and lawful attorney-in-fact for him and in his name, place and stead and for his use and benefit from time to time:

A. To make, file and record a Certificate of Limited

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Partnership under the laws of the State of Florida and all amendments thereto;

B. To make, file and record, all agreements amending this Agreement as now or hereafter amended, that may be appropriate to reflect or effect, as the case may be:

(i) a change of the name or the location of the recordkeeping office or agent for the service of process,

(ii) the transfer or acquisition of his Partnership interest by a limited partner or the general partner in any manner permitted by this Agreement,

(iii) a person becoming a substituted limited partner of the Partnership as permitted by this Agreement,

(iv) a change in any provision of this Agreement effected by the exercise by any person of any right or rights hereunder, and

(v) the dissolution of the Partnership pursuant to this Agreement.

C. To make such certificates, instruments and documents as may be required by, or may be appropriate under, the laws of Florida in connection with the use of the name of the Partnership by the Partnership;

D. To make such certificates, or amendments thereto, instruments and documents as such limited partner may be required, or as may be appropriate for such limited partner to

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make, by the laws of Florida to reflect:

(i) a change of name or address of such limited partner,

(ii) any changes in or amendments of this Agreement, or pertaining to the Partnership, of any kind referred to in this Subsection 14.2; and

(iii) any other changes in or amendments of this Agreement but only if and when the consent thereto has been obtained from the general partner and the limited partners having the aggregate limited partnership percentage required by Section 21 hereof;

E. Each of the agreements, certificates, instruments and documents made pursuant to Subsections 14.2A, 14.2B, 14.2C and 14.2D shall be in such form as the general partner and counsel for the Partnership shall deem appropriate. The powers conferred by Subsections 14.2A, 14.2B, 14.2C and 14.2D to make agreements, certificates, instruments and documents, shall be deemed to include without limitation the powers to sign, execute, acknowledge, swear to, verify, deliver, file, record or publish the same;

F. Each limited partner authorizes the general partner as such attorney-in-fact to take any further action which the general partner shall consider necessary or advisable in connection with any action taken pursuant to this Section 14 hereby giving the general partner as such attorney-in-fact full power and authority to do and perform each and every act or thing

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whatsoever requisite or advisable to be done in and about any action taken pursuant to this Section 14 as fully as such limited partner might or could do if personally present, and hereby ratifying and confirming all that the general partner as such attorney-in-fact shall lawfully do or cause to be done by virtue of this Section 14.

14.4 The power of attorney granted pursuant to Subsection 14.3:

A. Is a power of attorney coupled with an interest and is irrevocable;

B. May be exercised by the general partner as such attorney-in-fact, by listing all of the limited partners executing any agreement, certificate, instrument or document with the signature of the general partner acting as attorney-in-fact for all of them.

C. Shall survive the transfer by a limited partner of his interest in the Partnership, except that where the purchaser, transferee or assignee thereof with the consent of the general partner is admitted as a substituted limited partner, the power of attorney shall survive the transfer for the sole purpose of enabling such attorney-in-fact to execute, acknowledge and file any such agreement, certificate, instrument or document necessary to effect such substitution; and

D. Shall, to the extent permitted under the laws of the domicile of such limited partner, survive the death, incapacity or incompetency of the limited partner.

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LIMITATIONS UPON LIMITED PARTNERS.

15.1 A limited partner shall not take any part in or interfere in any manner with the conduct or control of the business or assets of the Partnership or the sale, leasing, financing, or refinancing of any of its assets, or have any right or authority to act for or bind the Partnership.

15.2 No limited partner shall be personally liable for losses of the Partnership in excess of the aggregate amount of capital that he has contributed or has agreed to contribute to the Partnership according to Section 8 of this Agreement.

15.3 No limited partner shall be personally liable for any obligation of the Partnership except to the extent, if any, that he shall not have fully paid his entire capital contribution as provided in Section 8 of this Agreement.

ASSIGNMENT OF PARTNERS' INTEREST.

16.1 Each limited partner hereby represents and warrants to the general partner and to the Partnership that the acquisition of his interest is made as principal for his own account for investment purposes only and not with a view to the resale or distribution of such interest.

16.2 Each limited partner agrees that he will not sell, assign or otherwise transfer his interest or any fraction thereof unless the interest has been registered under the Securities Act of 1933 (if applicable), or such sale, assignment or transfer is exempt from such registration and, in any event, he will not so sell, assign or otherwise transfer his interest or any fraction

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thereof to any person who does not similarly represent and warrant and similarly agree not to sell, assign or transfer such interest or fraction thereof to any person who does not so represent and warrant and agree.

16.3 No limited partner's interest nor any fraction thereof may be sold, assigned or transferred without the written consent of the managing general partner, which consent shall not be unreasonably withheld.

16.4 If a limited partner dies, his executor, administrator or trustee, or, if he is adjudicated incompetent, his guardian or conservator, or, if he becomes bankrupt, or, if any corporate limited partner is dissolved, the trustee or receiver of his or its estate or assets, shall have all the rights of a limited partner for the purpose of settling or managing his or its estate or assets and such power as such limited partner to assign all or any part of his or its interest and to join with such assignee in satisfying any conditions precedent to such assignee becoming a substituted limited partner imposed by the general partner. The death, incompetency, bankruptcy, or dissolution of a limited partner shall not dissolve the Partnership.

Any limited partner who shall assign all of his interest shall cease to be a limited partner, except that, unless and until a substituted limited partner is admitted in his stead, such assigning limited partner shall retain the statutory rights of an assignor of a limited partner's interest under the Limited Partnership Act.

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A person who is the assignee of all or any fraction of the interest of a limited partner, but does not become a substituted limited partner and desires to make a further assignment of such interest, shall be subject to all the provisions of this Section 16 to the same extent and in the same manner as any limited partner desiring to make an assignment of his interest.

16.5 No limited partner shall have the right to substitute a recipient, such as a purchaser, assignee, transferee, donee, heir, legatee or other recipient of an interest as a limited partner in his place. Any such recipient of any interest shall be admitted to the Partnership as a substituted limited partner only with the consent of the managing general partner, which consent shall not be unreasonably withheld. Any such consent may be evidenced by the execution by the Partners of a certificate evidencing the admission of such person as a limited partner.

No person shall become a substituted limited partner until such person shall have satisfied all requirements imposed by the managing general partner in connection therewith, and shall have paid all reasonable legal fees and filing costs in connection with his substitution as a limited partner; provided, however, that for the purpose of allocating net profits and net losses, and distributing net cash flow, a person shall be treated as having become, and as appearing in the records of the Partnership as, a limited partner on such date as the managing general partner granted their written consent to the sale,

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assignment or transfer to such person.

DISSOLUTION.

17.1 At the end of the term of the Partnership as provided in Section 7 of this Agreement, the Partnership shall be dissolved. Upon dissolution, the assets of the Partnership shall be applied and distributed in the following order of priority, no distribution being made in any category set forth below unless and until each preceding category has been paid in full.

A. Payment of debts and liabilities of the Partnership and any expenses of liquidation.

B. Establishment of reserves deemed necessary to cover contingent or unforeseen liabilities or obligations of the Partnership or the general partner arising out of or in connection with the Partnership.

17.2 No partner may demand or receive property other than cash in return for his contributions, loans, or advances, or upon distribution on dissolution as provided herein; provided, however, that in the event that a majority in interest of the partners at the time of dissolution so determine, it shall not be necessary to sell all of the assets of the Partnership. Those assets that need not be sold to satisfy the categories of distribution described in Subsections 17.1A and 17.1B may be distributed in kind, including, but not limited to, undivided interest in such assets, whether or not like assets are distributed to each partner.

17.3 During the period of dissolution, which shall be such a

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reasonable time as may be required for the orderly completion of the distribution set forth above, the general partners or the survivor of them, as trustees for the benefit of all the partners as tenants in common, shall take any and all action necessary or appropriate to complete the dissolution and distribution provided in this Section, having for such purpose all of the powers enumerated in Section 14 of this Agreement appropriate to accomplish the same.

17.4 If the event terminating the Partnership is the dissolution of the corporate general partner, then the limited partners shall designate a successor trustee, with all such powers. In the absence of such designation, the personal representative of the directors of the corporate general partner last to dissolve shall be deemed to have been designated trustee or trustees for this purpose.

17.5 A final statement of the accounts of the Partnership as of the date of termination shall be prepared as promptly as possible thereafter and a copy thereof shall be furnished to each partner. Such statement shall set forth the actual or contemplated application and distribution of the assets of the Partnership pursuant to the provisions of this section and shall set forth deficits in each partner's account which shall thereupon be paid by the partners whose account reflects the same. Upon completion of distribution as required hereby, a further statement for the period of dissolution shall be prepared and furnished to each partner.

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17.6 Upon completion of distribution in accordance with the foregoing plan, the limited partners shall cease to be such and the general partners shall execute, acknowledge and cause to be filed a Certificate of Cancellation of the Partnership. If the general partner shall fail to do so, any limited partner may file such certificate.

LIMITATION OF LIABILITY OF GENERAL PARTNER.

18. Anything in the Uniform Limited Partnership Act, any other statute, or this Agreement to the contrary notwithstanding, the general partner shall not be personally liable for the return of the capital contributions of the limited partners or the repayment of loans to the Partnership by the limited partners or the payment of interest thereon. The general partner shall have fiduciary duty to the Partnership but shall not be liable to the Partnership nor to any limited partner on account of any act, omission, or decision as general partner, provided that such act, omission, or decision was in good faith and without intent to defraud the Partnership and did not constitute a substantial or intentional breach of any provision of this Agreement, notwithstanding that such act, omission, or decision may have directly or indirectly caused loss or damage to the Partnership or to any limited partners.

REFERENCE OF PRONOUNS, GENDER AND NUMBER.

19. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, singular, and plural as the

identity of the person or persons may require. Where the context so indicates, the masculine shall include the feminine and neuter, the singular shall include the plural and person shall include a corporation or other entity.

SECTION CAPTIONS.

20. Section titles or captions contained in this Agreement are inserted only as a matter of convenience and in no way define, modify, limit, extend, or describe the scope of the Agreement nor are they relevant to the intent of any provision hereof.

NOTICES.

21. All notices, offers, acceptances, requests, or other communications provided for hereunder shall be in writing and shall be delivered or mailed by registered or certified mail, return receipt requested, to the general partner at the address set forth below:

General Partners of Cayo Hueso Cottages Limited Partnership
c/o Jaime M. Benavides, Managing General Partner
1205 Calais Lane
Key West, FL 33040

and to the mailing address set forth on the signature page or counterpart signature page signed by each limited partner, or to such other address as the individual concerned shall from time to time designate in written notice to the other partners.

AMENDMENTS.

22. The managing general partner may correct any clerical

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or editorial errors in this Agreement without the consent of the limited partners; provided, however such corrections shall not affect the substantial rights of the partners. Notice of such corrections shall be delivered to the limited partners at least five (5) days prior to the effective date of such correction.

GOVERNING LAW.

23. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida applicable to agreements made and to be wholly performed in that State.

SEVERABILITY.

24. Every provision of this Agreement is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of this Agreement.

COUNTERPART EXECUTION.

25. This Agreement may be executed in any number of counterparts with the same effect as if all parties hereto had signed the same document. All counterparts shall be construed together and shall constitute one Agreement.

INTEGRATED AGREEMENT.

26. This Agreement constitutes the entire understanding and agreement among the parties hereto with respect to the subject matter hereof, and there are no agreements, understandings,

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restrictions, representations or warranties among the parties other than those set forth herein.

BENEFIT.

27. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective personal representatives and heirs or successors and permitted assigns.

IN WITNESS WHEREOF, the parties hereto have cause this Agreement to be executed as of the day and year first above written.

GENERAL PARTNERS

Nela J. Benavides
Witness

Jaime Benavides
Witness

Jaime M. Benavides
JAIME M. BENAVIDES

Nela J. Benavides
Witness

Nela J. Benavides
NELA J. BENAVIDES

Jaime Benavides
Witness

William Hardy, M.D.
WILLIAM HARDY, M.D.

Jaime Benavides
Witness

LIMITED PARTNERS

Witness

SAM PROCTOR

Witness

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restrictions, representations or warranties among the parties other than those set forth herein.

BENEFIT.

27. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective personal representatives and heirs or successors and permitted assigns.

IN WITNESS WHEREOF, the parties hereto have cause this Agreement to be executed as of the day and year first above written.

GENERAL PARTNERS

Witness

JAIME M. BENAVIDES

Witness

Witness

NELA J. BENAVIDES

Witness

Witness

WILLIAM HARDY, M.D.

Witness

Witness

Witness

LIMITED PARTNERS

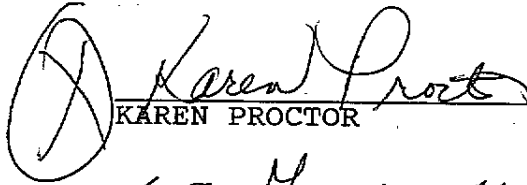


SAM PROCTOR

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Witness

Witness


KAREN PROCTOR

217 Hazebrook Ct.
→ Wilmington, N.C. 28409
Address

Witness

Witness

LUCIEN C. PROBY, JR.

Address

Witness

Witness

LORRAINE SMITH

Address

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Witness

Witness

KAREN PROCTOR

Address

Witness

Witness

LUCIEN C. PROBY, JR.

Address

Robert Clark
Witness

Witness

Lorraine Smith
LORRAINE SMITH

40 Allamanda Ave
Key West, FL 33040
Address

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Witness

KAREN PROCTOR

Witness

Address

Witness
Witness

LUCIEN C. PROBY, JR.

2739 SW 3rd Pl
Gainesville, FL 32607
Address

Witness

LORRAINE SMITH

Witness

Address

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EXHIBIT A

List of Limited Partners:

	<u>Units</u>	<u>Investment Amount</u>
Lucien C. Proby, Jr.	1	\$50,000.00
Sam Proctor and Karen Proctor, his wife	1	\$50,000.00
Lorraine Smith	1	\$50,000.00

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EXHIBIT B

Certain real property, together with improvements thereon situated in the City of Key West, Monroe County, Florida, described as:

PARCEL "A":

On the Island of Key West and known as a Part of Tract Eleven (11) according to W. A. Whitehead's map, delineated in February A.D. 1829 and now better known as Part of Lot Thirty Eight (38) of Square Eight (8) according to D.T. Sweeny's diagram of said Square Eight (8) and being more particularly described as follows: Commencing at a point one hundred twenty three (123) feet six and a half (6 1/2) inches from the corner of Duval and United Streets and thence running along United Street in a Northeasterly direction twenty three (23) feet six and a half (6 1/2) inches; thence at right angles in a Northwesterly direction along the boundary line between lots thirty six (36) and thirty eight (38), ninety six (96) feet; thence at right angles in a Southwesterly direction, twenty three (23) feet six and a half (6 1/2) inches; thence at right angles and in a Southeasterly direction ninety six (96) feet to United Street and the Point of Beginning.

AND ALSO:

All that lot, piece or parcel of land in Square No. Eight (8), in Tract Eleven (11), according to W. A. Whitehead's map of said Island delineated in February, 1829 and is subdivision No. thirty six (36) of a diagram of said Square Eight (8) made by Douglas T. Sweeny and recorded in Book L of Deeds Page 215 of Monroe County Records. Commencing at a point One Hundred and Forty Seven feet and one inch from the corner of Duval and United Streets and running thence along said United Street forty seven feet one inch, thence at right angles in a N.Wly direction ninety six (96) feet; thence at right angles in a S.Wly direction forty seven feet one inch; thence at right angles in a S.Ely direction ninety six (96) feet to the place of beginning.

AND ALSO:

PARCEL "B":

On the Island of Key West and known as Part of Tract

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Eleven (11) according to W.A. Whitehead's map, delineated in February, A.D. 1829 and now better known as Part of Lot Thirty-Eight (38) of Square Eight (8), according to D.T. Sweeney's diagram of said Square Eight (8) and being more particularly described as follows: Commencing at a point One Hundred (100) feet from the corner of Duval and United Streets and thence running along United Street in a Northeasterly direction Twenty-three (23) feet Six and a half (6 1/2) inches; thence at right angles in a Northwesterly direction Ninety-six (96) feet; thence at right angles in a Southwesterly direction Twenty-three (23) feet Six and a half (6 1/2) inches to the boundary line between said Lot Thirty-eight (38) and Lot Two (2); thence at right angles in a Southeasterly direction Ninety-six (96) feet to the point of beginning, on United Street. Reference is made to deed recorded in Book SS, Page 224, and deed recorded in Book XX, Page 196, Public Records of Monroe County, Florida.

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AMENDED EXHIBIT C

A. Allocation of Net Profits from Operational Cash Flow. *

YEAR 1

Net Profits up to	
and including \$34,577.97:	60% to Limited Partners 40% to General Partners

Net Profits exceeding	
\$34,577.97:	50% to Limited Partners 50% to General Partners

YEAR 2

Net Profits up to	
and including \$36,120.05:	60% to Limited Partners 40% to General Partners

Net Profits exceeding	
\$36,120.05:	50% to Limited Partners 50% to General Partners

YEAR 3

Net Profits up to	
and including \$37,681.82:	60% to Limited Partners 40% to General Partners

Net Profits exceeding	
\$37,681.82:	50% to Limited Partners 50% to General Partners

YEAR 4

Net Profits up to	
and including \$38,993.34:	60% to Limited Partners 40% to General Partners

Net Profits exceeding	
\$38,993.34:	50% to Limited Partners 50% to General Partners

YEAR 5

Net Profits up to	
and including \$41,270.82:	60% to Limited Partners 40% to General Partners

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Net Profits exceeding
\$41,270.82:

50% to Limited Partners
50% to General Partners

YEAR 6

Net Profits up to
and including \$43,318.46:

60% to Limited Partners
40% to General Partners

Net Profits exceeding
\$43,318.46:

50% to Limited Partners
50% to General Partners

YEAR 7

Net Profits up to
and including \$45,407.05:

60% to Limited Partners
40% to General Partners

Net Profits exceeding
\$45,407.05:

50% to Limited Partners
50% to General Partners

- * Pursuant to Article 11 of the Limited Partnership Agreement, distributions of net profits from operational cash flow shall be made bi-annually, within thirty days following the end of the second and fourth quarters of the tax year. Said distributions shall be made as follows:

- a. On or before the 30th day of January of each year; and
- b. On or before the 30th day of July of each year.

B. Allocation of Net Profits upon Sale of the Property.

1. Expenses:

Commission
Closing Expenses
Payoff of loan balance
Return of capital to partners

2. Distributions to Partners:

40% to Limited Partners
60% to General Partner

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EXHIBIT D

Compensation of Managing General Partner: ..

\$750.00 per month commencing November 1, 1993, until
dissolution of the partnership.

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