

Division of Corporations

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BASIC AMENDMENT

TRANSEASTERN PROPERTIES, INC.

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**ARTICLES OF AMENDMENT OF
ARTICLES OF INCORPORATION OF
TRANSEASTERN PROPERTIES, INC.**

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Pursuant to the provisions of Section 607.1006 of the Florida Business Corporation Act, Transeastern Properties, Inc., a corporation organized and existing under the laws of the State of Florida (the "Corporation"), hereby amends its Articles of Incorporation as follows:

A. Section 2 of the Articles of Amendment of Articles of Incorporation dated October 29, 1997 (the "October 1997 Amendment") shall be amended in the following respects:

(1) There shall be added a new initial subparagraph as follows:

(a) Holders of shares of Series C Convertible Preferred Stock shall be entitled to receive dividends in cash on their shares out of funds legally available therefor, at the rate of \$.396 per share per annum, payable in quarter-annual installments, and no more, accruing from November 2, 1998. Accrued dividends for the period commencing on the date of issuance and ending on December 31, 1998 shall be payable on January 31, 1999 and, thereafter, accrued dividends shall be payable quarter-annually in arrears on the first day of April, July, October and January in each year, commencing January 1, 1999.

(2) Subparagraphs (a) through (e) of Section 2, as appear in the October 1997 Amendment prior to the effectiveness of this Amendment, shall be deleted in their entirety and instead replaced with the following subparagraphs:

(b) Holders of shares of Series D Convertible Preferred Stock will be entitled to receive (when, as and if declared by the Board of Directors out of funds legally available for the payment of dividends) dividends (i) in an amount equal to the per share Common Stock Dividend Amount (defined hereinafter) with respect to all dividends declared in connection with a dividend declared with respect to the Common Stock, and (ii) in such amount as set forth above in Section 2(a) with respect to the Series C Convertible Preferred Stock. The holders of Series D Convertible Preferred Stock shall be paid dividends in the amount set forth in clause (i) above upon each payment by the Corporation of any dividends with respect to its Common Stock (other than a distribution payable solely in shares of Common Stock) and simultaneously therewith. Dividends with respect to the Series D Convertible Preferred Stock shall be payable at the close of the business day specified by the Board of Directors at the time such dividend or dividends with respect to the Common Stock is or are declared or at the time

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specified in Section 2(a) above with respect to the Series C Convertible Preferred Stock (each a "Dividend Payment Date"). The "Common Stock Dividend Amount" applicable as of any Dividend Payment Date shall mean the amount which is the product of (i) the dollar amount of the dividend paid per share of Common Stock with respect to the shares of Common Stock (other than a distribution payable solely in shares of Common Stock) which occurs on such Dividend Payment Date and (ii) the number of shares of Common Stock into which each share of Series D Convertible Preferred Stock is entitled to be converted, at the Conversion Price then in effect and otherwise as set forth in this Certificate of Designation, as of the record date established for such Dividend Payment Date (determined, for purposes of this computation, to the fourth decimal place). If any Dividend Payment Date is not a Business Day, the dividend due on that Dividend Payment Date will be paid on the Business Day immediately succeeding that Dividend Payment Date. As used with regard to the Series C Convertible Preferred Stock and Series D Convertible Preferred Stock, the term "Business Day" means a day on which both state and federally chartered banks in New York, New York are required to be open for general banking business; and all declared but not yet paid dividends are referred to as "Accrued Dividends".

(c) Each dividend will be payable to holders of record of the Series C Convertible Preferred Stock and/or Series D Convertible Preferred Stock on a date (a "Record Date") selected by the Board of Directors which is not less than 10 nor more than 60 days before the Dividend Payment Date on which the dividend is to be paid. No Record Date will precede the close of business on the date the Record Date is fixed.

(d) Unless and until all dividends on the Series C Convertible Preferred Stock and Series D Convertible Preferred Stock under Section 2(a) and 2(b) are declared and paid contemporaneously therewith, the Corporation may not (i) declare or pay any dividend, make any distribution (other than a distribution payable solely in shares of Common Stock), or set aside any funds or assets for payment or distribution with regard to any Junior Shares (as herein defined) other than shares of the Corporation's Series B Redeemable Preferred Stock, or (ii) redeem or purchase (directly or through Subsidiaries), or set aside any funds or other assets for the redemption or purchase or, any Junior Shares other than shares of the Corporation's Series A Redeemable Preferred Stock. As used with regard to the Series C Convertible Preferred Stock and Series D Convertible Preferred Stock, the term "Junior Shares" means all shares of Common Stock and all shares of any other class or series of stock of the Corporation to which the shares of Series C Convertible Preferred Stock and/or Series D Convertible Preferred Stock are prior in rank with regard to payment of dividends or payments upon the liquidation, dissolution or winding-up of the Corporation or any other rights to purchase shares of any such class (including, without limitation, any warrants or options or other Convertible Securities), including, without limitation, the Series A Redeemable Preferred Stock and the Series B Redeemable Preferred

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Stock of the Corporation. The Series C Convertible Preferred Stock and the Series D Convertible Preferred Stock will be *pari passu* in all respects except as expressly set forth herein. As used herein, "Person" shall mean an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, nation or government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government or other entity of whatever nature; and the term "Subsidiary" means any Person in which the Company directly or indirectly owns an equity interest.

(e) While any shares of Series D Convertible Preferred Stock are outstanding, the Corporation may not pay any dividend, or set aside any funds for the payment of a dividend, with regard to any shares of any class or series of stock of the Corporation (other than (i) shares of Common Stock; provided a contemporaneous dividend is paid, as provided herein, upon the shares of Series D Convertible Preferred Stock; and (ii) shares of the Series B Redeemable Preferred Stock) unless there exist no Accrued Dividends and at least a proportionate payment is made with regard to the Series D Convertible Preferred Stock (except, as to any shares of the Series D Convertible Preferred Stock as to which a notice of conversion has been furnished by the holder thereof, at the effective time of conversion). A payment of dividends with regard to the Series D Convertible Preferred Stock will be proportionate to a payment of a dividend with regard to another class or series of stock if the dividend per share of Series D Convertible Preferred Stock is the same percentage of the Liquidation Preference (as herein defined) (except as aforesaid) with regard to a share of Series D Convertible Preferred Stock that the dividend paid with regard to a share of stock of the other class or series is of the liquidation preference (except as aforesaid) with regard to a share of stock of that other class or series.

(f) Any dividend paid with regard to shares of Series C Convertible Preferred Stock and/or Series D Convertible Preferred Stock will be paid equally with regard to each outstanding share of Series C Convertible Preferred Stock and/or Series D Convertible Preferred Stock.

The foregoing Amendment to the Articles of Incorporation of Transeastern Properties, Inc. was approved and adopted pursuant to the authority contained in Article IX of the Amended and Restated Articles of Incorporation dated October 4, 1996, Section C(1) of the Articles of Amendment dated July 23, 1997 and Section 12(d) of the Articles of Amendment dated October 29, 1997 by the vote of the Board of Directors on February 1, 1999 and by the affirmative vote of a majority of the voting power of all shares of the Corporation's capital stock voting as a single class and by a majority of the outstanding shares of the Corporation's Series C Convertible Preferred Stock.

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IN WITNESS WHEREOF, this Amendment is executed on behalf of the Corporation by its President and attested by its Secretary as of this 14th day of June, 1999.

TRANSEASTERN PROPERTIES, INC.

By: 
Arthur J. Falcone, its President

(SEAL)

Attest:


Name: Patricia Cuccia
Title: Secretary

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