

LO1000007457

Transmittal Letter

Department of State
Division of Corporations
Registration Section
409 E. Gaines Street
Tallahassee, Florida 32399

850.487.6051

Subject: Malachi, III, Limited Liability Company

Enclosed is an original and one (1) copy.

Filing Fee for articles of organization of Florida Limited Liability Company

\$ 100.00 Filing Fee Articles of Organization
25.00 Designation Registered Agent
5.00 Certificate of Status

From : Joseph Shepherd
4512 N 34th Street
Tampa, Florida 33610

813.239.0128
813.239.9439 Fax

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****130.00 ****130.00

601-10478

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STATE OF FLORIDA
TALLAHASSEE, FLORIDA

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5/11



FLORIDA DEPARTMENT OF STATE

Katherine Harris
Secretary of State

May 9, 2001

JOSEPH SHEPHERD
4512 N 34TH STREET
TAMPA, FL 33610

SUBJECT: MALACHI III, LLC
Ref. Number: W01000010478

We have received your document for MALACHI III, LLC and your check(s) totaling \$130.00. However, the enclosed document has not been filed and is being returned for the following correction(s):

The company cannot be a manager or member for the company itself.,

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) 487-6097.

Michael Mays
Document Specialist

Letter Number: 201A00027859

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TAMPA, FLORIDA

May 4th, 2001

**ARTICLES OF ORGANIZATION
AND
REGULATIONS OF
MALACHI,III, LIMITED LIABILITY COMPANY**

**4514 North 34th Street
Tampa, Florida 33610
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TALLAHASSEE, FLORIDA

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CLERK OF DISTRICT COURT
TALLAHASSEE, FLORIDA

ARTICLES OF ORGANIZATION OF MALACHI, III, LLC.

The Undersigned, for the purpose of forming a Limited Liability Company under the Florida Limited Liability Company Act, F S Chapter 608, hereby make, acknowledge, adopt and confirm the following regulations as the Regulations for Malachi, III, Limited Liability Company.

ARTICLE I-NAME:

The name of the Limited Liability Company is: Malachi, III, and Limited Liability Company hereinafter simply referred to as the "Company".

ARTICLE 11- ADDRESS:

The mailing address and street address of the principle office of the Limited Liability Company is:

4514 N 34th Street
Tampa, Florida 33610

ARTICLE III-REGISTERED AGENT, REGISTERED OFFICE & REGISTERED AGENTS SIGNATURE:

The name and the Florida street address of the registered agent are:

Joseph Shepherd
4512 N 34th Street
Tampa, Florida 33610

Having been named as registered agent and to accept service of process for the above stated limited liability Company at the place designated in this certificate, I hereby accept the appointment as registered agent and agree to act in this capacity. I further agree to comply with the provisions of all statutes relating to the proper and

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SECRETARY OF STATE
TALLAHASSEE, FLORIDA

complete performance of my duties, and I am familiar with and accept the obligations of my position as registered agent as provided for in Chapter 608, F.S.

Joseph Shepherd
Joseph Shepherd

ARTICLE IV- MANAGEMENT:

The Limited Liability Company is to be managed by one manager or more managers and is therefore, a manager-managed company.

ARTICLE V-EFFECTIVE DATE:

The company shall commence its existence on the date it records its Articles of Organization.

Duration

The period of duration for the Company is perpetual, beginning on the date these Articles of Organization are filed by The Florida Department of State unless earlier terminated by the unanimous written agreement of all members.

ARTICLE VI-PURPOSE AND POWERS OF THE LIMITED LIABILITY COMPANY:

The Company shall purchase; rehabilitate and sell used single family dwellings, Apartments, duplexes, land, commercial and residential real estate.

The real property which the Company intends to purchase and which shall become subject to all of the terms of these Regulations is real property in the State of Florida consistent with Chapter 608 of Florida Law, all pieces of real estate which are the property of this Company, shall be vested in the name of the Company, and not in some other name.

The Company shall have the power to carry out its business and affairs including without limitation, all of those powers set forth in Section 608.404 of Chapter 608, Florida Statutes.

ARTICLE VII-MEMBERS RIGHT TO CONTINUE IN BUSINESS:

The death, insanity, bankruptcy, retirement, resignation or expulsion of the manager shall automatically dissolve the Company.

ARTICLE VIII-AMENDMENTS TO ARTICLES AND REGULATIONS:

Neither the Articles of Organization nor the Regulations for the Company, after having once been filed and/or adopted, can be amended other than by a vote representing one hundred percent of the capital interest of the Company.

ARTICLE IX-ADMISSION OF ADDITIONAL MEMBERS:

The right of members to admit additional members and the terms and conditions of such admission are as follows:

No additional member shall be admitted to the Company without the unanimous written consent of all members representing one hundred percent of all the capital interest of the Company, and upon such terms and conditions as shall be determined by all members representing one hundred percent of the capital interest of the Company.

A member may transfer his/her interest in the Company as set forth in the Regulations, but the transferee shall have no right to participate in the management of the company, nor become a member unless all the other members of the Company, representing one hundred percent of the capital interest of the Company, approve of the Proposed transfer.

ARTICLE X- MEMBERS IDENTITY:

The members of the Company are as follows:

PRAYER WORKS, INC.

And

ORGANIZING MEMBER

The name and address of the Organizing member or incorporator executing these Articles of Organization is Joseph Shepherd 4512 N 34th Street, Tampa, Florida 33610

IN WITNESS WHEREOF, the undersigned Organizing Member has executed these Articles of Organization this 9th day of May, 2001.


Joseph Shepherd

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CLERK OF DISTRICT COURT
JANUARY, FLORIDA

ARTICLE XII-CONTRIBUTION OF CAPITAL AND CAPITAL OWNERSHIP:

INVESTOR, shall contribute the following amount of cash: \$ 50,000.00 Hereinafter in these Regulations, INVESTOR shall be simply referred to as the "Contributing Member".

The Contributing Member shall be the sole, the only, source of contributed cash to this Company.

Contributed cash shall earn or bear no interest.

Contributed cash shall be returned to the Contributing Member when the Subject Property has been sold, and all liabilities have been paid. In the event the Contributing Member wishes to purchase, rehabilitate and sell a series of properties, he/she may elect to request the return of his/her capital at the conclusion of any property which he decides will be the last final, or last property, to be purchased, rehabilitated and sold.

All additional contributions of cash, if there are any needed, shall come solely and only from the Contributing Member.

For his contributions of cash, the Contributing Member is deemed to own FORTY NINE PERCENT interest in the capital of this venture.

The Contributing Member shall make no capital contributions other than cash.

MALACHI, III, Limited Company shall contribute the following to the Company: (a) MALACHI, III, Limited Company shall assign to the Company the right to purchase the Subject Property which in fact resides with MALACHI, III, Limited Company. (b) MALACHI, III, Limited Company is, furthermore, contributing its product knowledge about the product to be purchased, rehabilitated and sold.

For the contribution of (a) and (b) immediately above, MALACHI, III, Limited Company is deemed to own FIFTY ONE percent (51 %) of the capital of the Company.

ARTICLE XIII-LOANS TO THE COMPANY:

If the amount of cash needed to purchase, rehabilitate and sell the Subject Property is more than \$50,000.00(FIFTY THOUSAND DOLLARS), then the Contributing Member shall either contribute additional cash (contributed capital), or at his/her option, make a loan to the Company for the additional cash needed.

Said loan may at the option of the Contributing Member, be evidenced by a note and secured by a mortgage against the Subject Property.

Said loan shall have a term to maturity of one year.

Said loan shall not earn interest.

All of those costs associated with the Contributing Member making and securing such a loan to the Company shall be paid by the Company.

ARTICLE XIV-AUTHORITY OF THE MANAGER AND CONTRIBUTING MEMBER:

Authority of Contributing Member:

All decisions regarding all matters, which are the business of the Company, shall be made by the Contributing Member.

The Contributing Member is the decision maker in this Company, and the Manager's role is to carry out, execute, the decisions of the Contributing Member.

"All decisions" regarding "all matters" includes but is not necessarily limited to the following decisions and matters: To purchase real property and/or personal property; to borrow money; to evidence such borrowing by a note and secure such borrowing by a mortgage against the Subject Property; to purchase legal, title, escrow, accounting and loan brokerage services; to purchase construction services and materials; to sell real property and/or personal property; to open checking and/or savings accounts.

The Contributing Member shall communicate his decisions to the Manager and the Manager shall carry out, shall execute, the decisions.

The Contributing Member may also delegate authority to the Manager over one or more areas of the day to day operations of the Company.

ARTICLE XV-Voting By Contributing Member and Manager:

All members of the Company shall be entitled to vote on matters relating to the Company and each member's vote shall be weighted in exact proportion to the member's relative capital account, which is 99% for the Contributing Member and 1% for the Manager, and the majority vote shall rule, EXCEPT THAT NEITHER THE ARTICLES OF ORGANIZATION NOR THE REGULATIONS FOR THE COMPANY MAY BE AMENDED OTHER THAN BY A VOTE REPRESENTING 100% (ONE HUNDRED PERCENT) OF THE CAPITAL INTEREST IN THE COMPANY.

ARTICLE XVI-Authority of the Manager:

The authority of the Manager is to carry out, to execute, the decisions of the Contributing Member.

The Manager, by its signature only, shall therefore execute on behalf of the Company all manner of documents (loans, mortgages, sales contracts, settlement statements, escrow papers of all types and deeds) which are ordinary and necessary for the conduct of the business of the Company.

ARTICLE XVII-RESPONSIBILITIES OF MANAGER

MALICHI,III, COMPANY is the Manager, and the following is a description of its duties in this joint venture.

- A. Search: The Manager shall search for prospective investment properties such as government foreclosures, non-government foreclosures, probate estates, the Mayor's Knockdown List, and other sources of under priced, distressed real estate.
- B. Investigation: Once located, the Manager shall investigate the profit potential of a prospective purchase. Such investigation shall include an inspection of those areas of properties which are visibly accessible, but shall not include those areas which are not accessible. Such investigations shall include a review of systems (plumbing, heating, cooling, electrical, water, sewage and similar) which are operational on the date of inspection. It is typical, however, that all services to perspective purchases (HUD foreclosures) have been turned off, and, therefore, none of the above listed systems can really be checked. Typically there is no electricity to the building, and therefore while electric wiring may be inspected, the actual functioning of the system can not be checked. Typically there is no water to the building, and, therefore, while one may look for evidence of leaks, without water, leaks and clogged drains can not be verified. Since there is no electricity, the functioning of the AC system can not be verified.

Such investigation, whenever possible, shall include a review of the history of the property including its size, last time substantially rehabbed, last sale price, last lender, last owner and similar.

Such investigation shall include an estimate of the costs to perform rehabilitation construction which appear to be economically justified and desirable. Such cost estimate shall also include not only the estimated construction costs, but also an estimate of all other costs to be incurred (e.g. cost of insurance, utilities, advertising and similar).

Such cost estimate should be carefully reviewed, and accepted with the knowledge that they are ESTIMATES and are not firm figures. Not until all systems have power and water, not until all systems are turned on, not until there has been time to fully and carefully examine the prospective Subject Property, can more exact cost figures be generated.

Such investigation shall include the ordering and obtaining of a survey of the Subject Property prior to the close of the purchase escrow.

The survey will state whether or not the property is in a flood zone. If it is in a flood zone, a second survey to determine the exact elevation of the first floor of the building with respect to the expected flood level elevation will have to be ordered.

There is one risk which exists in Florida which is hard to predict: Sinkholes. Sinkholes are usually large holes, or large caverns, which often are large enough to swallow an entire house, an entire car and even an entire highway. Sinkholes occur where underground streams have washed away the previously supporting lime stone rock. Once the limestone is weakened, sometimes without notice or warning, the surface simply collapses into the cavern below.

It is noteworthy that while it is possible sinkholes exist in Hillsborough County, they are more peculiar to Pinellas County and other coastal counties. The Manager is not aware of the existence of any sinkholes in Hillsborough County.

- C. Purchase: Once a prospective property has been located and the investigation described above has been completed, if the Manager deems it to be a desirable purchase, and if the Contributing Member desires to purchase, rehab and sell the property, the Manager will initiate the purchase in the Manager's name and then in escrow will assign it to New Life Housing Limited Company.

Once a prospective property has been purchased and the purchase escrow has been closed, the Contributing Member shall forward, or shall cause to be forwarded to the Manager at its Tampa, Florida office, the full amount of the Rehabilitation Budget. The Rehabilitation Budget is the estimated amount of funds needed to rehab, hold, advertise and sell the Subject Property. The Contributing Member is advised to be prepared to cause these funds to be immediately disbursed to the Manager, as those funds will be needed to secure the doors and windows, pay for the liability insurance policy, and turn on the utilities of the Subject Property. Construction will not begin on the Subject Property until the full amount of the Rehabilitation Budget has been forwarded to the Manager.

- H. Final Accounting: The Manager shall forward to the Certified Public Accountant not only the construction disbursements, but also a record of all other expenses incurred by the Company. Whenever a property has been sold, the Certified Public Accountant shall prepare a Final Accounting Report which encompasses all of the expenditures made by the Company with respect to a particular Subject Property. The Certified Public Accountant shall conclude by calculating the "profit" as defined by this joint venture agreement, forwarding such written report to the Manager, who shall promptly forward the same to the Contributing Member.
- I. Final Disbursements: When the Subject Property has been sold, the Seller's Settlement Check shall be forwarded to the checking account of the Manager in Tampa, Florida. The Manager shall as quickly as possible make those payments of liabilities and distribution of profits as set forth in these Regulations.
- Note: On a property-by-property basis, all of the liabilities of the Company are to be paid, all profits disbursed, and with respect to the Subject Property, a complete report published and forwarded to the Manager and thereafter to the Contributing Member, and the books closed.
- J. Filing of Documents: The Manager shall file with the Department of State the Articles of Organization, and thereafter forward copies to the Contributing Member, to the Manager's own file, and to the Certified Public Accountant, and to any other party who has a legitimate interest in the filed document, e.g. a title company, an institutional lender.
- K. Annual Reports Department of State: The Manager shall file with the Department of State, in a timely manner, the Annual Report to the Department of State.
- L. Tax Returns: The Manager shall promptly forward to the Certified Public Accountant as quickly as possible after 12/31 of each year, all of those financial records which the Certified Public Accountant does not already possess, to permit the Certified Public Accountant to prepare and file the necessary state and federal tax reports and returns.

ARTICLE XVIII-REMOVAL OF MANAGER:

The Manager shall serve the Company for the duration of the Company, except that the Manager shall be removable only for "good cause".

"Good cause" shall be defined exclusively as failure to meet the General Standards for Managers as set forth in Section 608.4225 of Florida Statutes concerning limited liability companies.

- 1) A manager shall discharge his duties as a manager:
 - a) In good faith
 - b) With the care an ordinary prudent person in a like position would exercise under similar circumstances.
 - c) In a manner he/she reasonably believes to be in the best interest of the limited liability company.
- 2) In discharging his/her duties, a manager is entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, if prepared or presented by:
 - a) One or more members or employees of the limited liability company whom the manager reasonably believes to be reliable and competent in the matters presented;
 - b) Legal counsel, public accountants, or other persons as to matters the manager reasonably believes are within the person's professional or expert competence;
 - c) A committee of managers of which he is not a member if the manager reasonable believes the committee merits confidence.
- 3) In discharging his/her duties, a manager or managing member may consider such factors as he/she deems relevant, including long term prospects and interests of the limited liability company and its members, and the social, economic, legal, or other effects of any action on the employees, suppliers, customers or the limited liability company, the communities and society in which the limited liability company operates, and the economy of the state and the nation.
- 4) A manger is not liable for any action taken as a manager or any failure to take any action, if he/she performed the duties of his/her position in compliance with this section.

ARTICLE XIX-COMPENSATION TO MANAGER:

For the performance of the many services set forth in the Regulations, the Manger shall receive NO COMMISION. NO FEES AND NO SALARY.

The Manager, however, and a Member-Manager shall receive a share of the profit as set forth in Section 17 of these Regulations.

C. Cellular telephone service.

D. Excluded Costs:

E. Travel and Transportation Costs.

The following Manager's costs are excluded from payment or reimbursement from the Company:

F. Third, Loan Repayment:

If any exist, the third liability to be paid at the close of each sale is payment of loans to non-members, e.g. payment of loans to institutional lenders.

G. Fourth: Loan Repayment:

The fourth liability to be paid at the close of each sale is payment of loans to members.

H. Fifth: Return of Capital:

The fifth liability to be paid at the close of each sale is return of capital to the Contributing Member (YES) and to the Manager (YES), except that if the Contributing Member elects to proceed with an additional property for purchase, rehab and resale, at the direction of the Contributing Member, the capital shall be retained and used on the successive property.

I. Sixth: Distribution of Profits:

After the Manager has caused the Certified Public Accountant to compute and forward to him/her a complete record of all expenses in the purchase, rehab and sale of the Subject Property, and after One through Five above have been paid, the remainder, the PROFIT, shall be distributed 51% (fifty percent) to the Contributing Member, and 49% (fifty percent) to the Manager.

These payments (One through Six above) are to be made on a property-by-property basis.

J. Seven: Losses:

Losses, if any, are to be allocated in the same proportion as the profits.

ARTICLE XXII-BOOKS AND RECORDS:

The Manager shall accumulate on a continuous basis and have available for review upon any reasonable notice, in its Tampa, Florida office, all books and records pertaining to this Company.

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ARTICLE XXIII-OTHER VENTURES:

It is acknowledged that both members of the Company either are now or may become active in other ventures, and those ventures are now or will be real estate ventures. Such activity while perhaps conflict of interest, is, however, not an unacceptable conflict of interest.

ARTICLE XIV-SUPERSEDE:

The contents of these Regulations for the Company completely replace and supersede all previous, earlier dated, texts of the Regulations for this Company, if indeed, any exist.

ARTICLE XXV-RISK

The Contributing Member and the Manager mutually advises each other that the venture proposed by these Regulations is often described as high risk.

Therefore, both the Contributing Member and the Manager agree to make a decision to participate or not to participate in this joint venture dependent upon their own particular financial, legal, and other factors, which only they can assess.

The Contributing Member and the Manager are aware that it is possible they could lose all of their contributed capital.

If the Contributing Member and Managers have borrowed money from an institutional lender, and if the proposed investment plan for the Subject Property should somehow end in failure and foreclosure by the institutional lender, then a deficiency judgement against them could occur in addition to loss of the Subject Property.

The Contributing Member and the Manager each acknowledge that the marketplace into which the completed Subject Property will be placed could be very slow, or could change dramatically into a slow market in which sales simply could not be made, or could not be made at current Fair Market Values.

In short, there are risks, and there are no guarantees.

The Contributing Member and the Manager have a responsibility themselves to generate and consider all possible risks inherent in this joint venture.

Risk can arise from a change in the Tampa economy in Hillsborough County, the State of Florida, a change in the economy of the United States as a whole, and/or a change in the economy of the world at large.

Risk can arise from a change in interest rates at which permanent loans must be funded. (Permanent loans will be needed to fund the buyer's purchase of the Subject Property). Risk can arise from a change in the availability of

funds for permanent loans. Risk can generate from a change in the rules and policies by which credit grades are determined.

ARTICLE XXVI-CONSULT COUNSEL

Both the Contributing Member and the Manager acknowledge they have had ample opportunity to consult with their own consultants (legal, tax, accounting, financial and other) regarding all aspects of their participation in this joint venture, before signing this joint venture agreement (Regulations).

Both the Contributing Member and the Manager affirm they understand all of the terms and conditions of this joint venture agreement and find them acceptable - before signing this agreement.

The Contributing Member and the Manager acknowledge that the Manager has not and does not provide the Contributing Member with legal advice, tax advice, estate planning advice or any other similar advice.

The Contributing Member acknowledges that he/she has been given a complete copy of the "Florida Limited Liability Company Act" which sets forth F. S. 608 (limited liability company laws).

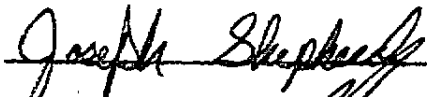
IN WITNESS THAT THE UNDERSIGNED MEMBERS OF

MALACHI,III LIMITED COMPANY HAVE NOW REVIEWED, CONSENTED TO, APPROVED AND ADOPTED THESE REGULATIONS, AND AGREE TO BE BOUND BY EACH AND EVERY ONE OF THEM, WE NOW AFFIX OUR SIGNATURES

CONTRIBUTING MEMBER: 

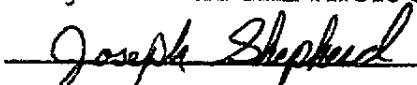
DATED: May 4, 2001

MALACHI,III, LIMITED LIABILITY COMPANY:



DATED: May 4, 2001

(IN ACCORDANCE WITH SECTION 608.408(3) FLORIDA STATUTE, THE EXECUTION OF THIS DOCUMENT CONSTITUTES AN AFFIRMATION UNDER THE PENALTIES OF PERJURY THAT THE FACTS STATED HEREIN ARE TRUE)


JOSEPH SHEPHERD