

CORPORATE
ACCESS,
INC.

LD1000021779

236 East 6th Avenue Tallahassee, Florida 32303

P.O. Box 37066 (32315-7066) ~ (850) 222-2666 or (800) 969-1666 Fax (850) 222-1666

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Conversion

1.) Heather Hill Lessor/LLC
(CORPORATE NAME & DOCUMENT #)

2.)
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4.)
(CORPORATE NAME & DOCUMENT #)

5.)
(CORPORATE NAME & DOCUMENT #)

SPECIAL INSTRUCTIONS

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DIVISION OF
CORPORATION

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CERTIFICATE OF CONVERSION

Pursuant to section 608.439, Florida Statutes, the following unincorporated business entity hereby submits the attached articles of organization and this certificate of conversion to convert to a Florida limited liability company:

FIRST: The name of the unincorporated business immediately prior to filing this document was:

Heather Hill Lessor/LLC

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SECOND: The date on which and the jurisdiction in which the unincorporated business was first created or otherwise came into being are:

A. Date: September 15, 2000

B. Jurisdiction: Delaware

C. If different from the above noted jurisdiction, the jurisdiction immediately prior to its conversion: _____

THIRD: The name of the limited liability company as set forth in the attached articles of organization is:

Heather Hill Lessor/LLC

John B. Morton
Signature of a Member or an Authorized Representative of a Member
(In accordance with section 608.408(3), Florida Statutes, the execution of this document constitutes an affirmation under the penalties of perjury that the facts stated herein are true.)

John B. Morton, President of the Sole Member

Typed or Printed Name of Signee

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FILING FEES:

- \$100.00 Filing Fee for Articles of Organization
- \$ 25.00 Filing Fee for Registered Agent Designation
- \$ 25.00 Filing Fee for Certificate of Conversion
- \$ 30.00 Certified Copy (optional)
- \$ 5.00 Certificate of Status (optional)

(Note: Section 608.439, F.S., does not provide for a corporation to convert to a limited liability company.)

Articles of Organization
of
Heather Hill Lessor/LLC

Article I

The name of this Limited Liability Company is Heather Hill Lessor/LLC.

Article II

The mailing address and the street address of the principal office of the Limited Liability Company is 6630 Kentucky Avenue, New Port Richey, FL 34653.

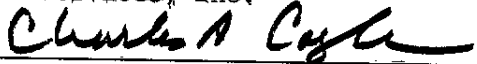
Article III

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

NRAI Services, Inc.
526 E. Park Avenue
Tallahassee, FL 32301

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 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.

NRAI Services, Inc.



Registered Agent's Signature

Charles A. Coyle - Asst. Secretary

Article IV

Care Foundation of America, Inc., a Tennessee non-profit corporation, shall be the Sole Member of the Limited Liability Company; the Limited Liability Company is to be managed by its Sole Member; and the name and address of the Member is:

Care Foundation of America, Inc.
1511 Avon
Murfreesboro, TN 37219

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Article V

The period of duration for the Limited Liability Company shall be perpetual.

Article VI

The purposes for which the Limited Liability Company is formed, and the business and objects to be carried on and promoted by it, are as follows:

- (a) The Limited Liability Company is organized and shall be operated exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Code, including, for such purposes, the making of distributions to organizations which qualify as exempt organization under §501(c)(3) of the Code, or the corresponding Section of any future United States Internal Revenue Law.
- (b) The Limited Liability Company is established to develop, acquire, own, maintain, operate, and/or manage skilled nursing homes, licensed assisted living units and related health care facilities, including retirement housing for elderly and infirmed persons; and to otherwise provide nursing and other health care services and facilities to those requiring such services.
- (c) The purpose for which the Limited Liability company is organized and the character of affairs which the Limited Liability Company intends actually to conduct itself are limited to its objectives, said objectives to be effected by the Limited Liability Company: (a) to purchase and develop an eldercare facility commonly known as Heather Hill Nursing Home, located in New Port Richey, Florida (the "Project"), and to operate the same or lease same to an organization with sufficient skill, ability and resources to ensure its continued success in providing health and nursing services to elderly persons in need; (b) to enable the financing of such acquisition and development of the Project with the proceeds from the issue of taxable bonds, and other financing sources, including FHA-insured mortgage financing; (c) to enter into, execute, perform, and carry out agreements or contracts of any kind necessary to, or in connection with, or incidental to, the accomplishment of the purposes of the Limited Liability Company, including, without limitation, notes, loan agreements, mortgages and such other agreements or contracts with the issuer or trustee of such bonds, or other parties, which may be desirable, or necessary to effect the acquisition and development of the Project, and the Regulations of the Secretary of Housing and Urban Development or the Secretary of the Treasury, relating to the use of bond proceeds, regulation or restriction of the owners of such bond financed property as to rents, sales, charges, capital structure, rate of return and method of operation; (d) to acquire any property, real or personal, in fee or under lease, or any rights therein or appurtenant thereto, necessary for the operation of the Project; and

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- (e) to borrow money, and to issue evidence of indebtedness, and to secure the same by mortgage, deed of trust, pledge, or other lien, in furtherance of any or all of the objects of its business in connection with a Project. The Project to be acquired by the Limited Liability Company in furtherance of the above stated objectives shall be operated for the benefit of elderly persons in need of skilled nursing assistance as well as other daily care services, and consistent with the manner and purpose of providing such services and assistance as recognized as charitable by the Code.
- (d) The Limited Liability Company shall serve only such purposes and functions and shall engage only in such activities as are consistent with the purposes set forth in this Article V and with the purposes and objectives of its sole Member.
- (e) In any and all of its activities, the Limited Liability Company shall not pursue a policy with respect to applicants, members, staff, tenants or others related to such programs, that discriminates in any way on the basis of race, religion, color, sex, or national origin.

Article VII

In furtherance of its purposes as specified in Article VI above, the Limited Liability Company is empowered:

- (a) To do and perform all things whatsoever set out in Article VI above, and necessary or incidental to the accomplishments of said purposes.
- (b) Specifically and particularly, to enter into and perform under a Loan Agreement and/or Regulatory Agreement with appropriate governmental issuing authorities, setting out the terms of financing for the acquisition of the Project.
- (c) To acquire or receive from any individual, firm, association, corporation, trust, foundation or any governmental subdivision, unit or agency, by deed, gift, purchase, bequest, devise, appointment or otherwise, cash, securities and other property, tangible or intangible, real or personal, and to hold, administer, manage, invest, reinvest, and disburse the principal and income therefore solely for the purposes hereof.
- (d) To distribute property for such purposes in accordance with the terms of gifts, bequests, or devises to the Limited Liability Company not inconsistent with its purposes, as set forth in these Articles of Organization, or in accordance with determinations made by the Sole Member.

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- (e) To receive and maintain a fund or funds, to invest or reinvest such fund or funds and to apply the income and principal of any funds received to promote the goals and purposes set out herein.
- (f) To own, hold, use, lease and otherwise deal in and dispose of any real or personal property, or any interest therein, situated in or out of this State.
- (g) To perform all other acts necessary or incidental to the above and to do whatever is deemed necessary, useful, advisable, or conducive, directly or indirectly, to carry out any of the purposes of the Limited Liability Company, as set forth in these Articles of Organization, including the exercise of all other powers and authority enjoyed by limited liability companies generally by virtue of the laws of the State of Florida; provided that the Limited Liability Company shall at all times act in accordance with limitations prescribed by §501(c)(3) of the Code as they apply to corporations recognized as tax-exempt pursuant to said Section.

Notwithstanding the provisions of this Article VII, the Limited Liability Company will at all times abide by the separateness covenants established below in this Article VII and is required by these covenants:

- (a) To maintain books and records separate form any other person or entity.
- (b) To maintain its accounts separate from any other person or entity.
- (c) Not to commingle its assets with those of any other entity.
- (d) To conduct its own business in its own name.
- (e) To maintain separate financial statements.
- (f) To pay its own liabilities out of its own funds.
- (g) To observe corporate formalities.
- (h) To conduct business with affiliates on terms equivalent to those of arm's length transactions.
- (i) To pay salaries of its own employees and maintain employees as may be necessary to its business operation.
- (j) Not to guarantee or become obligated for the debts or any other entity or hold out its credit as being available to satisfy the obligations of others.
- (k) To allocate fairly and reasonably any overhead or shared office space.
- (l) To maintain its own stationery, invoices and checks.

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- (m) Not to pledge its assets for the benefit of any other entity or; make any loans or advances to any entity except in the ordinary course of business.
- (n) To hold itself out as a separate entity.
- (o) To correct any known misunderstanding regarding its separate identity.
- (p) To maintain adequate capital necessary to its business operations.

Article VIII

No part of the net earnings of the Limited Liability Company shall inure to the benefit of any private individual, except that the Limited Liability Company shall be authorized and empowered to pay reasonable compensation for services actually rendered to it, and to make payments and distributions in furtherance of the purposes set forth in Article VI. No substantial part of the activities of the Limited Liability Company shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Limited Liability Company shall not participate in, or intervene in (including the publishing or distribution of statements), any political campaign on behalf of any candidate for public office. Notwithstanding any other provisions of these Articles of Organization, the Limited Liability Company shall not carry on any other activities not permitted to be carried on:

- (a) By a corporation exempt from federal income taxation under §501(c)(3) of the Code (or the corresponding provision of any future United States Internal Revenue Law); or
- (b) By a corporation, contributions to which are deductible for federal income tax purposes under §170(c)(2) of the Code (or the corresponding provision of any future United States Internal Revenue Law).

It is intended that the Limited Liability Company shall act in accordance with the requirements and limitations with which organizations that are exempt from federal income taxation under §501(c)(3) of the Code must abide. All terms and provisions of these Articles of Organization and any Operating Agreement of the Limited Liability Company and all authority and operations of the Limited Liability Company, shall be construed, applied and carried out in accordance with such intent.

Article IX

In the event of dissolution or final liquidation of the Limited Liability Company, all of the remaining assets and property of the Limited Liability Company shall, after paying or making provision for the payment of all of the liabilities and obligations of the Limited Liability Company and for necessary expenses thereof, be distributed to the Sole Member of the Limited Liability Company, or to such organization or organizations, as determined by the Sole Member, and as shall at the time qualify as an exempt organization or organizations under §501(c)(3) of the Code (or the

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corresponding provision of any future United States Internal Revenue Law) and as other than a private foundation under §509(a) of the Code. In no event shall any of such assets or property of the Limited Liability Company be distributed to any director or officer of the sole Member, nor to any private individual.

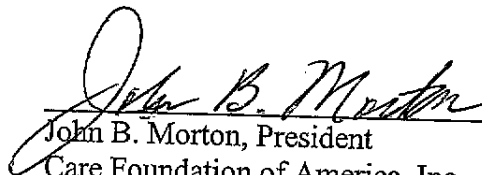
Article X

All references in these Articles of Organization to Sections of the Internal Revenue Code (the Code) shall be considered references to the Internal Revenue Code of 1986, as from time to time amended, and to the corresponding provisions of any applicable future United States Internal Revenue Law, and to all regulations issued under such sections and provisions.

Article XI

Neither the Sole Member of the Limited Liability Company, nor said Member's Directors or Officers shall be individually liable for the Limited Liability Company's debts or other liabilities. The private property of such individuals and Member be exempt from any Limited Liability Company debts or liabilities.

IN WITNESS WHEREOF, the undersigned has executed this Articles of Organization of Heather Hill Lessor/LLC of this 13th day of December, 2001.


John B. Morton, President
Care Foundation of America, Inc.

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