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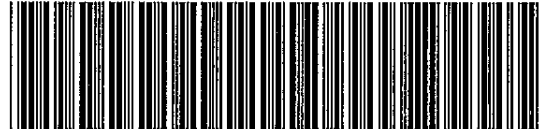
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ACCOUNT NO. : 072100000032

REFERENCE : 409692 7152816

AUTHORIZATION :

*Patricia Pigatto*

COST LIMIT : \$ 160.00

ORDER DATE : January 26, 2004

ORDER TIME : 11:10 AM

\*\*\*PLEASE FILE 1ST\*\*\*

ORDER NO. : 409692-025

CUSTOMER NO: 7152816

CUSTOMER: Kenneth Schlitt, Esq  
Keating & Schlitt, P.a.

Suite 101  
749 N. Garland Avenue  
Orlando, FL 32801

DOMESTIC FILING

NAME: SANDALWOOD MANAGEMENT, LLC

EFFECTIVE DATE:

XX ARTICLES OF ORGANIZATION

PLEASE RETURN THE FOLLOWING AS PROOF OF FILING:

XX CERTIFIED COPY

XX CERTIFICATE OF GOOD STANDING

CONTACT PERSON: Susie Knight - EXT. 2956

EXAMINER'S INITIALS: \_\_\_\_\_

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**ARTICLES OF ORGANIZATION**

**OF**

**SANDALWOOD MANAGEMENT, LLC,**  
a Florida limited liability company

The undersigned, being above the age of eighteen (18) years and competent to contract, for the purpose of organizing a limited liability company pursuant to the laws of the State of Florida, does hereby adopt the following Articles of Organization, and does hereby agree and certify as follows:

**ARTICLE I - NAME**

The name of this limited liability company shall be Sandalwood Management, LLC (the "Company").

**ARTICLE II - COMMENCEMENT OF EXISTENCE**

This Company shall commence existence on the date these Articles of Organization are accepted and filed with the Florida Department of State and shall terminate as provided in the Regulations of the Company.

**ARTICLE III - PRINCIPAL OFFICE MAILING AND STREET ADDRESS**

The initial principal office mailing and street address of the Company shall be located at 4420 FM 1960 West, Suite 224, Houston, Texas 77068.

**ARTICLE IV - INITIAL REGISTERED OFFICE AND AGENT**

For purposes of service of process within Florida, the initial registered office of this Company shall be located at 749 North Garland Avenue, Suite 101, Orlando, Florida 32801 and the initial registered agent of the Company at that address shall be John Kingman Keating. The Company may change its registered agent or the location of its registered office, or both, from time to time without amendment of these Articles of Organization.

**ARTICLE V - PURPOSE**

The Company's business and purpose shall consist solely of the following:

5.1 To acquire a general partnership interest in and act as the general partner of Sandalwood Limited Partnership, a Florida limited partnership (the "Partnership"), which Partnership is to engage solely in the ownership, operation and management of a multifamily residential property known generally as "Shadow Oaks Apartments" (the "Project") located in Hillsborough County, Florida (the

"Property"), and to act as such general partner of the Partnership pursuant to and in accordance with these Articles of Organization, the Company's Regulations and the Limited Partnership Agreement for the Partnership (the "Partnership Agreement"); and

5.2 To engage in such other lawful activities permitted to limited liability companies by the applicable laws and statutes for such entities of the State of Florida as are incidental, necessary or appropriate to the foregoing.

#### ARTICLE VI - POWERS

The Company shall have the powers provided for a limited liability company under the Florida Limited Liability Company Act.

#### ARTICLE VII - VOTING AND PREEMPTIVE RIGHTS

7.1 Number of Votes. On each matter on which the membership interest is entitled to vote, a member will have one (1) vote or a fraction of one vote per one percent of membership interest or fraction of membership interest owned by the member.

7.2 Cumulation of Votes. Cumulative voting is expressly permitted. At each election of Managers every Member entitled to vote at such election shall have the right to vote, in person or by proxy, the percentage of membership interest owned by such Member for as many persons as there are Managers to be elected and for whose election such Member has a right to vote, or to cumulate votes by giving one candidate as many votes as the number of such Managers multiplied by the Member's membership interest shall equal, or by distributing such votes on the same principle among any number of such candidates.

7.3 Preemptive Rights. Each Member of the Company shall be entitled to full preemptive or preferential rights, as such rights are defined by law, to subscribe for or purchase the Member's part of any membership interest which may be issued at any time by the Company.

#### ARTICLE VIII - MANAGEMENT BY MANAGERS

The Company shall be managed by managers. The number of initial Managers is two (2), one of whom shall be an Independent Manager, and the names and addresses of the persons who are to serve as Managers until additional Managers are added, the first annual meeting of the Members or until their successors are elected and qualified are set forth below; provided that, except for actions set forth in Article XV hereof (or in any subsequent amendment to these Articles which require that an Independent Manager act), reference to the term "Managers" in other provisions hereof and in the Company's Regulations where Managers are required or permitted to act with majority consent or unanimous consent shall not require or include the consent of the Independent Manager.

Managers	Manager Address
Chowdary Yalamanchili	4420 FM 1960 West, Suite 224 Houston, Texas 77068

Managers	Manager Address
George W. Stallings (Independent Manager)	7602 Brinkworth Houston, Texas 77070

## ARTICLE IX - INDEPENDENT MANAGER

9.1 Requirement of Independent Manager. At all times at which the Managers of the Company shall take, or shall be required to take, any action in such capacity and until such time as all obligations of the Company secured by the Property pursuant to the terms of the Loan (the "Loan") initially in favor of Column Financial, Inc., acting as collateral agent for itself and others, together with its successors and assigns, securing a Note, as described therein, on the Property have been paid in full, so that there shall be at least one Independent Manager. An "Independent Manager" shall be an individual who, except in his or her capacity as an Independent Manager of the Company is not, and has not been during the five (5) years immediately before such individual's appointment as an Independent Manager, (i) a member, stockholder, partner, director, officer, employee or attorney of, or occupying any position with the capacity to control (as defined below), the Company, the Partnership or their Affiliates, (ii) affiliated with a significant customer, creditor, contractor or supplier of the Company, the Partnership or their Affiliates or (iii) a spouse, parent, sibling, child or other member of the immediate family of any person described by (i) or (ii) above.

As used herein, the term "Affiliate" shall mean any person or entity other than the Company (i) which owns beneficially, directly or indirectly, any outstanding ownership interest in the Company or any partnership interest in the Partnership, or (ii) which controls or is under common control with the Company or the Partnership. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through ownership of voting interests or units, by contract or otherwise.

9.2 Consent of Member. With the consent of the initial Member(s) of the Company, which consent the initial Member(s) believes to be in the best interest of the initial Member(s) and the Company, no Independent Manager shall, with regard to any action to be taken under or in connection with this Article, owe a fiduciary duty or other obligation to the initial Member(s) nor to any successor Members (except as may specifically be required by the statutory law of any applicable jurisdiction), and every Member, including each successor Member, shall consent to the foregoing by virtue of such Member's purchase of an ownership interest in the Company, no further act or deed of any Member being required to evidence such consent. Instead, such Manager's fiduciary duty and other obligations with regard to such action under or in connection with this Article shall be owed to the Company (including its creditors and the creditors of the Partnership). In addition, no Independent Manager may be removed unless his or her successor has been elected.

## ARTICLE X - OFFICERS

The acts of the Company shall be conducted through officers selected by, and serving at the pleasure of, the Managers. The officers of the Company shall include the following:

10.1 President. The President shall be the chief executive officer of the Company.

10.2 Vice-President. The Vice-President shall assist the President and shall be authorized to serve as executive in the absence or incapacity of the President.

10.3 Secretary. The Secretary shall be the recording and certification officer of the Company.

10.4 Treasurer. The Treasurer shall be the financial officer of the Company.

One person may hold multiple offices.

#### ARTICLE XI - INITIAL REGULATIONS

The initial Regulations will be adopted by the Managers. The powers to alter, amend, or repeal the Regulations or adopt new Regulations is vested in the Managers, subject to repeal or change by action of the Members.

#### ARTICLE XII - INDEMNIFICATION

To the full extent permitted by law, no Manager of the Company shall be liable to the Company or its Members for monetary damages for an act or omission in such Manager's capacity as a Manager of the Company, except that this Article does not eliminate or limit the Liability of a Manager to the extent the Manager is found liable for (i) a breach of the Manager's duty of loyalty to the Company or its members; (ii) an act or omission not in good faith that constitutes a breach of duty of the Manager to the Company or an act or omission that involves intentional misconduct or a knowing violation of the law; (iii) a transaction from which the Manager received an improper benefit whether or not the benefit resulted from an action taken within the scope of the Manager's office; or (iv) an act or omission for which the liability of a Manager is expressly provided by an applicable statute. Any repeal or amendment of this Article by the Members of the Company shall be prospective only and shall not adversely affect any limitation on the liability of a Manager of the Company existing at the time of such repeal or amendment. In addition to the circumstances in which the Manager of the Company is not liable as set forth in the preceding sentences, the Manager shall not be liable to the fullest extent permitted by any provision of the statutes of Florida hereafter enacted that further limits the liability of a Manager or of a director of a corporation. The foregoing elimination of the liability to the Company or its Members for monetary damages shall not be deemed exclusive of any other rights or limitations of liability or indemnity to which a Manager may be entitled under any other provision of the Articles of Organization or the Regulations of the Company, contract or agreement, vote of Members and/or disinterested Managers of the Company, or otherwise.

#### ARTICLE XIII - ACTION WITHOUT MEETING

The provisions of the Florida Limited Liability Company Act, and any amendments thereto, permitting actions to be taken by the Members, by the Managers, or any committee by written consent to action, by transmitted writing, and by conference telephone meeting, shall be applicable to the Company. Prompt notice of the taking of any action by Members without a meeting by less than

unanimous written consent shall be given to those Members who did not consent in writing to the action.

#### ARTICLE XIV - RESTRICTED TRANSFERABILITY

The assignee or transferee of a membership interest who is not already admitted as a Member of the Company shall have no right to participate in the business or affairs of the Company unless and until the assignee is admitted as a member by vote of all the Members other than the assignor of such interest. Any membership interest in the Company will be subject to further restrictions on its transferability not in conflict with the foregoing as set out in the Regulations of the Company, which Regulations will be kept with the records of the Company. The Company will provide a copy of the Regulations without charge to any record holder of a membership interest upon written request addressed to the Company at its principal business office or its registered agent's address.

#### ARTICLE XV - LIMITATIONS

Notwithstanding any other provision of these Articles and any provision of law that otherwise so empowers the Company, so long as the Loan is outstanding the Company shall not, without the unanimous consent of its Managers, including the Independent Manager, do any of the following:

- (a) engage in any business or activity other than those permitted hereby or cause or allow the Partnership to (a) engage in any business or activity other than as set forth in its Partnership Agreement or (b) own any assets other than those related to the Property;
- (b) do any act which would make it impossible to carry on the ordinary business of the Company or the Partnership, except as otherwise provided in these Articles;
- (c) borrow any money or incur any indebtedness or assume or guarantee any indebtedness of any other entity, other than normal trade accounts and lease obligations of the Partnership incurred in the ordinary course of business, or grant consensual liens on either the Company's property or the Partnership's property; except, however, the President or any Vice President of the Company is hereby authorized to enter into the Loan and to secure financing for and on behalf of the Partnership from Lender, which Loan will be evidenced by either a Note, and secured by, among other instruments a Deed of Trust, all as described therein, in such amount and on such terms as such officer of the Company may elect, and to cause the Partnership to grant a mortgage, deed of trust, lien or liens on the Partnership's property to secure such Loan, as well as incur other indebtedness to the extent expressly authorized pursuant to the documents further evidencing the Loan;
- (d) dissolve or liquidate, in whole or in part;
- (e) cause or consent to the dissolution or liquidation, in whole or in part, of the Partnership;
- (f) sell or lease or otherwise dispose of all or substantially all of the assets of the

Company or cause the Partnership to sell or lease or otherwise dispose of all or substantially all of the assets of the Partnership, except in a manner, if any, consistent with the requirements of the documents evidencing the Loan;

(g) with respect to the Company or the Partnership, institute proceedings to be adjudicated bankrupt or insolvent, or consent to the institution or bankruptcy or insolvency proceedings against it, or file a petition seeking or consenting to reorganization or relief under any applicable federal or state law relating to bankruptcy, or consent to the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Company or the Partnership or a substantial part of property of the Company or the Partnership, or make any assignment for the benefit of creditors, or admit in writing its inability to pay its debts generally as they become due, or take corporate action in furtherance of any such action;

(h) amend these Articles of Organization or approve an amendment to the provisions of Sections 4.1, 6.8, 6.18, 13.4, 15.1 or 15.2 of the Partnership Agreement;

(i) consolidate or merge with or into any other entity or convey or transfer or lease its property and assets substantially as an entirety to any entity;

(j) cause the Partnership to consolidate or merge with or into any other entity or to convey or transfer or lease its Property and assets substantially as an entirety to any entity; or

(k) withdraw as general partner of the Partnership.

In addition to the foregoing, the Company shall not, without the written consent of the holders of the Loan so long as it is outstanding, take any action set forth in items (a) through (f) and items (h) through (k) above.

#### ARTICLE XVI - TITLE TO COMPANY PROPERTY

All property owned by the Company shall be owned by the Company as an entity and, insofar as permitted by applicable law, no Member or officer shall have any ownership interest in any company property in its individual name or right and, each share or other ownership interest in the Company shall be personal property for all purposes.

#### ARTICLE XVII - SEPARATENESS PROVISIONS

The Company shall:

(a) maintain books and records and bank accounts separate from those of any other person and cause the Partnership to maintain books and records and bank accounts separate from those of any other person;



- (b) maintain its assets in its own name and in such a manner that it is not costly or difficult to segregate, identify or ascertain such assets;
- (c) cause the Partnership to maintain its assets in such a manner that it is not costly or difficult to segregate, identify or ascertain such Partnership's assets;
- (d) hold regular membership meetings, as appropriate, to conduct the business of the Company, and observe all other legal formalities;
- (e) cause the Partnership to hold regular Partnership meetings, as appropriate, to conduct the business of the Partnership and to observe all other Partnership formalities;
- (f) hold itself out to creditors and the public as a legal entity separate and distinct from any other entity;
- (g) cause the Partnership to hold itself out to creditors and the public as a legal entity separate and distinct from any other entity;
- (h) prepare separate tax returns and financial statements and not permit its assets to be listed as assets on the financial statements of any other entity, or if part of a consolidated group, then it will be shown as a separate member of such group;
- (i) cause the Partnership to prepare separate tax returns and financial statements for itself and not permit the assets of the Partnership to be listed as assets on the financial statements of any other entity, or if part of a consolidated group, then such that the Partnership will be shown as a separate member of such group;
- (j) allocate and charge fairly and reasonably any common employee or overhead shared with affiliates;
- (k) cause the Partnership to allocate and charge fairly and reasonably any common employee or overhead shared with affiliates of the Partnership;
- (l) transact all business and cause the Partnership to transact all business with affiliates on an arm's-length basis and pursuant to enforceable agreements, the terms of which are intrinsically fair, commercially reasonable and are no less favorable than would be obtained in a comparable transaction with an unrelated third party;
- (m) conduct business in its own name, and use separate stationery, invoices and checks;
- (n) cause the Partnership to conduct business in its own name, to use its own separate stationary, invoices and checks;
- (o) not commingle its assets or funds or those of the Partnership with those of any other person;

(p) not assume, guarantee or pay the debts or obligations of any other person or hold out its credit as being available to satisfy the obligations of others;

(q) neither make any loans or advances to any person or entity nor hold evidence of indebtedness issued by any person or entity;

(r) neither cause the Partnership to make any loans or advances to any person or entity nor cause the Partnership to hold evidence of indebtedness issued by any person or entity;

(s) not cause or allow the Partnership to assume, guaranty or pay the debts or obligations of any other person or hold out the credit of the Partnership as being available to satisfy the obligations of others;

(t) timely pay all of its tax obligations and cause the Partnership to timely pay all of its tax obligations;

(u) pay its own liabilities only out of its own funds and cause the Partnership to pay its own liabilities only out of its own funds;

(v) not pledge its assets for the benefit of any other entity;

(w) cause the Partnership to not pledge its assets for the benefit of any other entity;

(x) pay the salaries of its own employees, if any, and maintain a sufficient number of employees in light of the contemplated business operations;

(y) cause the Partnership to pay the salaries of its own employees, if any, and maintain a sufficient number of employees in light of the Partnership's contemplated business operations;

(z) correct any known misunderstanding regarding its separate identity and cause the Partnership to correct any known misunderstanding regarding its separate identity;

(aa) not acquire any securities or obligations of its members, managers or any affiliate of the Company, the Partnership or both;

(bb) cause the Partnership to not acquire any securities or obligations of its Partners or any affiliate of the Partnership, the Company or both;

(cc) cause the officers, directors, managers, members and other representatives of the Company to act at all times with respect to the Company and Partnership consistent and in furtherance of the foregoing and in the best interests of the Company and Partnership while simultaneously considering the interests of its creditors;

(dd) maintain adequate capital in light of the Company's contemplated business purpose, transactions and liabilities and cause the Partnership to maintain adequate capital in light of the Partnership's contemplated business purpose, transactions and liabilities;

(ee) remain solvent and pay all of its debts and liabilities from its assets as they become due and cause the Partnership to remain solvent and pay all of its debts and liabilities from the Partnership's assets as they become due; and

(ff) not identify any of its members or any affiliate thereof as a division or part of the Company, and will not identify itself as a division or part of any other entity and will neither cause the Partnership to identify any of its partners or any affiliate thereof as a division or part of the Partnership, nor cause the Partnership to identify itself as a division or part of any other entity.

#### ARTICLE XVIII - EFFECT OF BANKRUPTCY, DEATH OR INCOMPETENCY OF A MEMBER

The bankruptcy, death, dissolution, liquidation, termination or adjudication of incompetency of a Member shall not cause the termination or dissolution of the Company and the business of the Company shall continue. Upon any such occurrence, the trustee, receiver, executor, administrator, committee, guardian or conservator of such Member shall have all the rights of such Member for the purpose of settling or managing its estate or property, subject to satisfying conditions precedent to the admission of such assignee as a substitute Member. The transfer by such trustee, receiver, executor, administrator, committee, guardian or conservator of any membership interest in the Company shall be subject to all of the restrictions, hereunder to which such transfer would have been subject if such transfer had been made by such bankrupt, deceased, dissolved, liquidated, terminated or incompetent Member. Each Member waives any right it may have to agree in writing to dissolve the Company upon the bankruptcy of any Member (or all the Members) or the occurrence of an event that causes any Member (or all the Members) to cease to be members in the Company.

#### ARTICLE XIX - SUBORDINATION OF INDEMNITIES

All indemnification obligations of the Company are fully subordinated to any obligations relative to the Loan or respecting the Property and such indemnification obligations shall in no event constitute a claim against the Company if cash flow in excess of amounts necessary to pay obligations under the Loan is insufficient to pay such indemnification obligations.


#### ARTICLE XX - AMENDMENTS

Except as otherwise provided in Article XV hereof, these Articles of Organization may be amended, modified, supplemented or restated in any manner permitted by applicable law and approved by the affirmative vote of Members owning more than fifty percent (50%) in interest of all of the membership interests in the Company then outstanding.

ARTICLE XXI - HEADINGS AND CAPTIONS

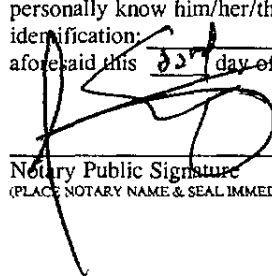
The headings or captions of these various Articles of Organization are inserted for convenience and none of them shall have any force or effect, and the interpretation of the various articles shall not be influenced by any of said headings or captions.

IN WITNESS WHEREOF, the undersigned authorized representative of a Member does hereby make and file these Articles of Organization declaring and certifying that the facts stated herein are true, and hereby subscribes thereto and hereunto sets his/her hand and seal this 2nd day of January, 2004.

  
\_\_\_\_\_  
John Kingman Keating  
Authorized Representative of a Member

STATE OF FLORIDA  
COUNTY OF ORANGE

I HEREBY CERTIFY, as an officer duly authorized to take acknowledgments and oaths in the State and County aforesaid, that at the execution of this instrument on the date set forth below, John Kingman Keating personally appeared before me and executed or acknowledged his/her previous execution of this instrument. I HEREBY FURTHER CERTIFY, that John Kingman Keating is the same person either executing or acknowledging execution of the foregoing instrument because: ☒ I personally know him/her/them OR ☐ I have satisfactory evidence of same based upon a ☐ Florida driver's license or ☐ Other identification: \_\_\_\_\_ . WITNESS my hand and official seal in the State and County aforesaid this 2nd day of January, 2004.

  
\_\_\_\_\_  
Notary Public Signature  
(PLACE NOTARY NAME & SEAL IMMEDIATELY BELOW)



**REGISTERED AGENT CERTIFICATE OF ACCEPTANCE**


In compliance with Section 608.407(1)(d), *Florida Statutes*, the following is submitted:

Sandalwood Management, LLC (the "Company") desiring to organize as a domestic limited liability company or qualify under the laws of the State of Florida has named and designated John Kingman Keating as its Registered Agent to accept service of process within the State of Florida with its registered office located at 749 North Garland Avenue, Suite 101, Orlando, Florida 32801.

**ACKNOWLEDGMENT**

Having been named as Registered Agent for the Company at the place designated in this Certificate, I hereby agree to act in this capacity; and I am familiar with and accept the obligations of that position as set forth in Chapter 608, *Florida Statutes*, as the same may apply to the Company.

DATED this 22nd day of January, 2004.

  
\_\_\_\_\_  
John Kingman Keating  
Registered Agent