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Greene & Schermer

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Division of Corporations

Page 1 of 1

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FLORIDA/FOREIGN LIMITED LIABILITY CO.

Baltic Holdings, LLC

Certificate of Status	1
Certified Copy	1
Page Count	11
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**ARTICLES OF ORGANIZATION  
OF  
BALTIC HOLDINGS, LLC**

The undersigned hereby certifies that it has formed a limited liability company under the State of Florida.

**ARTICLE I**

**Name**

The name of the limited liability company shall be:

Baltic Holdings, LLC

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**ARTICLE II**

**Address and Place of Business**

The mailing address and principal place of business for the limited liability company is:

40490 Desert Creek Lane  
Rancho Mirage, California 92270

**ARTICLE III**

**Period of Duration**

The limited liability company shall begin existence on the date of filing and shall continue into perpetuity, or until dissolved in a manner provided by law or by operating agreement adopted by the Members of the limited liability company.

**ARTICLE IV**

**Purpose**

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

To engage solely in the ownership, operation and management of the real estate project known as Baltic I and II Apartments, Sarasota, Sarasota County, Florida (the "Property"), pursuant to and in accordance with these Articles of Organization and the Company's Operating Agreement, and 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 V

##### Limitations

Notwithstanding any other provision of these Articles and any provision of law that otherwise so empowers the Company, so long as any portion of the Loan (hereinafter defined) remains outstanding, the Company shall not, without the unanimous consent of its members, do any of the following:

- (i) engage in any business or activity other than those permitted hereby or own any assets other than those related to the Property;
- (ii) do any act which would make it impossible to carry on the ordinary business of the Company, except as otherwise provided in these Articles;
- (iii) borrow money or incur any indebtedness or assume or guaranty any indebtedness of any other entity, other than normal trade accounts and lease obligations incurred in the ordinary course of business, or grant consensual liens on the Company's property; except, however, the manager or managing member, as applicable, is hereby authorized to secure financing (the "Loan") for the Company from Arbor Commercial Mortgage, LLC, in such amount and on such terms as such manager or managing

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member may elect, and to grant a mortgage, deed of trust, lien or liens on the Company'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;

- (iv) dissolve or liquidate, in whole or in part;
- (v) sell or lease or otherwise dispose of all or substantially all of the assets of the Company except in a manner, if any, consistent with the requirements of the documents evidencing the Loan;
- (vi) 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, sequestration (or other similar official) of the Company or substantial part of property of the Company, 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 company action in furtherance of any such action;
- (vii) amend the Articles of Organization or the Operating Agreement of the Company; or
- (viii) consolidate or merge with or into any other entity.

In addition to the foregoing, the Company shall not, without the written consent of the holder of the promissory note evidencing the Loan so long as it is outstanding, take any action set forth in items (i) through (v) or items (vii) or (viii) above.

#### ARTICLE VI

##### Title To Company Property

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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 manager shall have any ownership interest in any company property in its individual name or right and, each membership or other ownership interest in the Company shall be personal property for all purposes.

#### ARTICLE VII

##### Separateness Provisions

The Company shall:

- (a) 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 difficult to segregate, identify or ascertain such assets;
- (c) hold itself out to creditors and the public as a legal entity separate and distinct from any other entity;
- (d) hold regular manager and member meetings, as appropriate, to conduct the business of the Company, and observe all other legal formalities;
- (e) 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;
- (f) allocate and charge fairly and reasonably any common employee or overhead shared with affiliates;
- (g) transact all business with affiliates on an arm's-length basis and pursuant to enforceable agreements, the terms of which are intrinsically fair, commercially

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reasonable and are no less favorable than would be obtained in a comparable transaction with an unrelated third party;

- (h) conduct business in its own name, and use separate stationery, invoices and checks;
- (i) not commingle its assets or funds with those of any other person;
- (j) not assume, guaranty or pay the debts or obligations of any other person or hold out its credit as being available to satisfy the obligations of others;
- (k) neither make any loans or advances to any person or entity nor hold evidence of indebtedness issued by any person or entity;
- (l) timely pay all of its tax obligations;
- (m) pay its own liabilities only out of its own funds;
- (n) not pledge its assets for the benefit of any other entity;
- (o) pay the salaries of its own employees, if any, and maintain a sufficient number of employees in light of the contemplated business operations;
- (p) correct any known misunderstanding regarding its separate identity;
- (q) not acquire any securities or obligations of its officers, directors, managers, members or any affiliate;
- (r) cause the managers, members, officers, directors and other representatives of the Company to act at all times with respect to the Company consistent and in furtherance of the foregoing and in the best interests of the Company while simultaneously considering the interests of its creditors;
- (s) maintain adequate capital in light of the Company's contemplated business purpose, transactions and liabilities;

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- (t) remain solvent and pay all of its debts and liabilities from its assets as they become due; and
- (u) 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.

#### ARTICLE VIII

##### Registered Office and Registered Agent

The street address of the limited liability company's initial registered office is: 1301 6<sup>th</sup> Avenue West, Suite 400, Bradenton, Florida 34205, and the initial registered agent at such address is Robert C. Schermer, Esq.. The limited liability company may change its registered office or its registered agent or both by filing with the Department of State of the State of Florida a statement complying with Section 608.416, Florida Statutes.

#### ARTICLE IX

##### Management

The management of the limited liability company shall be by the Member.

#### ARTICLE X

##### 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,

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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 XI

##### Operating Agreement

The Members of the limited liability company shall adopt an Operating Agreement of the Members pertaining to the regulation, management and affairs of the limited liability company, provided that such Operating Agreement shall not be inconsistent with these Articles of Organization or with the laws of the State of Florida.

#### ARTICLE XII

##### 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 XIII

##### Special Member

Upon the occurrence of any event that causes the Member to cease to be a member of the Company (other than (i) upon an assignment by the Member of all of its limited liability company interest in the Company and the admission of the transferee pursuant to the terms of this Agreement,

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or (ii) the resignation of the Member and the admission of an additional member of the Company pursuant to the terms of this Agreement), Jon Glanz whose address is 43-161 Port Maria, Indio, California 92201, shall, without any action of any person and simultaneously with the Member ceasing to be a member of the Company, automatically be admitted to the Company as a Special Member and shall continue the Company without dissolution. No Special Member may resign from the Company or transfer its rights as Special Member unless a successor Special Member has been admitted to the Company as Special Member by executing a counterpart to this Agreement; provided, however, the Special Member shall automatically cease to be a member of the Company upon the admission to the Company of a substitute Member. The Special Member shall be a member of the Company that has no interest in the profits, losses and capital of the Company and has no right to receive any distributions of Company assets. Special Member shall not be required to make any capital contributions to the Company and shall not receive a limited liability company interest in the Company. Except as required by any mandatory provision of the limited liability company act or similar statute in the state where this Company is formed, each Special Member, in its capacity as Special Member, shall have no right to vote on, approve or otherwise consent to any action by or matter relating to, the Company, including, without limitation, the merger, consolidation or conversion of the Company. In order to implement the admission to the Company of each Special Member, Jon Glanz shall execute a counterpart to this Agreement. Prior to being admitted to the Company as Special Member, Jon Glanz shall not be a member of the Company.

**ARTICLE XIV****Non-Dissolution**

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Notwithstanding any other provision of this Agreement, the bankruptcy of the Member or a Special Member shall not cause the Member or Special Member, respectively, to cease to be a member of the Company and upon the occurrence of such an event, the Company shall continue without dissolution. Notwithstanding any other provision of this Agreement, each of the Member and the Special Member waives any right it might have to agree in writing to dissolve the Company upon the bankruptcy of the Member or a Special Member, or the occurrence of an event that causes the Member or a Special Member to cease to be a member of the Company.

IN WITNESS WHEREOF, the undersigned, Robert C. Schermer, Esq., as the authorized representative of Reynold L. Glanz, a Member, has executed these Articles of Organization this 13<sup>th</sup> day of January, 2006.

Robert C. Schermer  
Robert C. Schermer, Authorized Representative

STATE OF FLORIDA  
COUNTY OF MANATEE

The foregoing instrument was acknowledged before me this 13<sup>th</sup> day of January, 2006, by Robert C. Schermer, ☒ who is personally known to me or ☐ who produced \_\_\_\_\_ as identification, and acknowledged before me that the same was executed freely and voluntarily for the purposes therein expressed.

Sherell J. Davis  
Notary Public

My Commission Expires:



**Sherell J. Davis**

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**CERTIFICATE OF DESIGNATION OF  
REGISTERED AGENT/REGISTERED OFFICE**


PURSUANT TO THE PROVISIONS OF SECTION 608.415, FLORIDA STATUTES, THE UNDERSIGNED LIMITED LIABILITY COMPANY SUBMITS THE FOLLOWING STATEMENT IN DESIGNATING THE REGISTERED OFFICE/REGISTERED AGENT, IN THE STATE OF FLORIDA.

1. The name of the limited liability company is:
  2. Baltic Holdings, LLC
2. The name and address of the registered agent and office is:

Robert C. Schermer  
1301 6<sup>th</sup> Avenue West, Suite 400  
Bradenton, Florida 34205

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.

Dated this 13 day of January, 2006.

  
Robert C. Schermer

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