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BASIC AMENDMENT

SEASIDE FINANCIAL, INC.

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*Amendments*

11/15/04

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**ARTICLES OF AMENDMENT  
OF  
THE ARTICLES OF INCORPORATION  
OF  
SEASIDE FINANCIAL, INC.**

Pursuant to Section 607.0602 of the Florida Business Corporation Act (the "Act"), the Amended and Restated Articles of Incorporation (the "Articles of Incorporation") of Seaside Financial, Inc. (the "Corporation") are hereby amended according to these Articles of Amendment.

**I.**

The name of the Corporation is Seaside Financial, Inc.

**II.**

As of November 11, 2004, the Board of Directors of the Corporation duly adopted an amendment (the "Amendment") to the Articles of Incorporation which added an Appendix A to the end of the Articles of Incorporation. Pursuant to Section 607.0602 of the Act, no shareholder vote is required for the adoption and approval of the Amendment. The text of the Amendment is included in Article III hereof.

**III.**

Article 4 of the Articles of Incorporation authorizes the issuance by the Corporation, as approved by its Board of Directors without the approval of its shareholders, of up to 10,000,000 shares of preferred stock, \$0.01 par value per share, in one or more series, with the shares of each such series having such designations, powers, preferences, rights, qualifications, limitations and restrictions as may be determined by the Board of Directors of the Corporation. In accordance with the provisions of Article 4 of the Articles of Incorporation, the Amendment creates a series of preferred stock, designated "Series A Preferred Stock," and established the preferences, limitations and relative rights thereof. Pursuant to said Article 4, the Articles of Incorporation are hereby amended by adding the following to the end of the Articles of Incorporation as Appendix A:

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## APPENDIX A

## SERIES A PREFERRED STOCK

1. Designation. 200,000 shares of the preferred stock, par value, \$0.01 per share, stated value \$10.00 per share, of the Corporation are hereby constituted as a series of the preferred stock designated as "Series A Preferred Stock" (the "Series A Preferred Stock") and having relative rights and preferences to all other classes and series of the capital stock of the Corporation as set forth herein.

2. Dividends.

No dividends or other distributions shall be declared or payable with respect to Series A Preferred Stock.

3. Preference on Liquidation.

(a) Liquidation Preference for Series A Preferred Stock. In the event that the Corporation shall commence a voluntary case under the Federal bankruptcy laws or any other applicable Federal or state bankruptcy, insolvency or similar law, or consent to the entry of an order for relief in an involuntary case under such law or to the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Corporation or of any substantial part of its property, or make an assignment for the benefit of its creditors, or admit in writing its inability to pay its debts generally as they become due, or if a decree or order for relief in respect of the Corporation shall be entered by a court having jurisdiction in the premises in an involuntary case under the Federal bankruptcy laws or any other applicable Federal or state bankruptcy, insolvency or similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Corporation or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and on account of any such event the Corporation shall liquidate, dissolve or wind up, or if the Corporation shall otherwise liquidate, dissolve or wind up, no distribution of the assets of the Corporation shall be made to the holders of shares of Common Stock or other Junior Securities (as hereinafter defined) (and no monies shall be set apart for such purpose) unless (i) prior thereto, the holders of shares of Series A Preferred Stock shall have received from the assets of the Corporation an amount per share having a value equal to not less than \$10.00 (the "Series A Liquidation Preference").

(b) Pro Rata Payments. If, upon any such liquidation, dissolution or other winding up of the affairs of the Corporation, the assets of the Corporation shall be insufficient to permit the payment in full of the Series A Liquidation Preference for each share of Series A Preferred Stock then outstanding and the full liquidating payments on all Parity Securities (as hereinafter defined) then the assets of the Corporation remaining after the distribution to holders of any Senior Securities (as hereinafter defined) of the full amounts to which they may be entitled shall be ratably distributed among the holders of Series A Preferred Stock and of

any Parity Securities in proportion to the full amounts to which they would otherwise be respectively entitled if all amounts thereon were paid in full.

(c) Sale not a Liquidation. Neither the voluntary sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all the property or assets of the Corporation nor the consolidation, merger or other business combination of the Corporation with or into one or more corporations or other Person (as hereinafter defined) shall be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Corporation.

(d) Notice of Liquidation. Written notice of any liquidation, dissolution or winding up of the Corporation, stating the payment date or dates when and the place or places where amounts distributable in such circumstances shall be payable, shall be given by first class mail, postage prepaid, not less than thirty (30) days prior to any payment date specified therein, to the holders of record of the Series A Preferred Stock at their respective addresses as shall appear on the records of the Corporation.

4. Voting. Except as otherwise provided by law, the shares of the Series A Preferred Stock shall have no voting rights.

5. Redemption.

(a) Redemption Price. Any redemption of the Series A Preferred Stock pursuant to this Section 5 shall be at a price equal to \$10.00 per share (the "Redemption Price").

(b) Optional Redemption. At the option of the Corporation, the Corporation may, at any time, redeem all, but not less than all, of the issued and outstanding shares of Series A Preferred Stock out of funds legally available therefor, at the Redemption Price and pursuant to the terms of Section 5(d) hereof.

(c) Mandatory Redemption. The Corporation shall have the obligation to redeem all of the outstanding shares of Series A Preferred Stock, at the Redemption Price and pursuant to the terms of Section 5(e) hereof, upon the later to occur of:

(i) the sale by the Corporation of equity securities of the Corporation with aggregate gross proceeds of not less than \$30,000,000; or

(ii) the acquisition by the Corporation of a Financial Institution (as such term is defined in Fla. Stat. § 655.005(1)(h)) located in the State of Florida.

(d) Procedures for Optional Redemption. In the event the Corporation shall elect to redeem shares of Series A Preferred Stock pursuant to Section 5(b), the Corporation

shall give written notice of such redemption by first class mail, postage prepaid, mailed not less than thirty (30) nor more than ninety (90) days prior to the Redemption Date (as hereinafter defined), to each holder of record of the shares to be redeemed, at such holder's address as the same appears on the stock records of the Corporation. Each such notice shall state: (i) the date on which the shares of the Series A Preferred Stock shall be redeemed (the "Redemption Date"); the Redemption Price; (ii) the place or places where certificates for such shares are to be surrendered for payment of the Redemption Price; (iii) that payment will be made upon presentation and surrender of such Series A Preferred Stock; and (iv) that such redemption is mandatory. Notice having been mailed as aforesaid, from and after the Redemption Date, unless the Corporation shall be in default in the payment of the Redemption Price (A) shares of Series A Preferred Stock shall be deemed no longer outstanding, and (B) all rights of the holders thereof as stockholders of the Corporation (except the right to receive from the Corporation any moneys payable upon redemption without interest thereon) shall cease.

Upon surrender in accordance with such notice of the certificates for any such shares so redeemed (properly endorsed or assigned for transfer with signatures guaranteed), such shares shall be redeemed by the Corporation at the applicable Redemption Price.

(e) Procedures for Mandatory Redemption. In the event the Corporation shall be obligated to redeem all of the outstanding shares of Series A Preferred Stock pursuant to Section 5(c), the Corporation shall give written notice of such redemption by first class mail, postage prepaid, mailed as soon as reasonably practicable to each holder of record of the shares to be redeemed, at such holder's address as the same appears on the stock records of the Corporation. Each such notice shall state: (i) the date set by the Corporation on which the shares of the Series A Preferred Stock shall be redeemed (the "Mandatory Redemption Date"), such date to be not more than 30 days after the date of such notice; (ii) the Redemption Price; (iii) the place or places where certificates for such shares are to be surrendered for payment of the Redemption Price; (iv) that payment will be made upon presentation and surrender of such Series A Preferred Stock; and (v) that such redemption is mandatory. Notice having been mailed as aforesaid, from and after the Redemption Date, unless the Corporation shall be in default in the payment of the Redemption Price (A) shares of Series A Preferred Stock shall be deemed no longer outstanding, and (B) all rights of the holders thereof as stockholders of the Corporation (except the right to receive from the Corporation any moneys payable upon redemption without interest thereon) shall cease.

Upon surrender in accordance with such notice of the certificates for any such shares so redeemed (properly endorsed or assigned for transfer with signatures guaranteed), such shares shall be redeemed by the Corporation at the applicable Redemption Price.

6. Shares to be Retired. Any share of Series A Preferred Stock repurchased or otherwise acquired by the Corporation shall be retired and canceled and shall upon cancellation be restored to the status of authorized but unissued shares of preferred stock, subject to

reissuance by the Board of Directors as shares of preferred stock of one or more other series but not as shares of Series A Preferred Stock.

7. Definitions. As used herein, the following terms shall have the respective meanings set forth below:

"Business Day" means any day that is not a Saturday, a Sunday or a day on which banks are required or permitted to be closed in the State of Florida.

"Common Stock" means the Corporation's Common Stock, \$.01 par value per share, and any stock into which such Common Stock may hereafter be changed or for which such Common Stock may be exchanged after giving effect to the terms of such change or exchange (by way of reorganization, recapitalization, merger, consolidation or otherwise).

"Junior Securities" means the Common Stock and any other class of capital stock or series of preferred stock hereafter created by the Corporation which does not expressly provide that it ranks senior to or pari passu with the Series A Preferred Stock as to dividends, other distributions, liquidation preference or otherwise.

"Parity Securities" mean any class of capital stock or series of preferred stock hereafter created by the Corporation which expressly provides that it ranks pari passu with the Series A Preferred Stock as to dividends, other distributions, liquidation preference or otherwise.

"Person" or "person" shall mean an individual, partnership, corporation, trust, unincorporated organization, joint venture, government or agency, political subdivision thereof, or any other entity of any kind.

"Senior Securities" means any class or series of capital stock, debt instrument or security convertible into capital stock or debt securities of the Corporation other than Parity Securities or Junior Securities.


"Series A Liquidation Preference" shall have the meaning set forth in Section 3(a).

"Series A Preferred Stock" shall have the meaning set forth in Section 1.

8. Notices. Except as may otherwise be provided for herein, all notices referred to herein shall be in writing, and all notices hereunder shall be deemed to have been given upon the earlier of (x) receipt of such notice, (y) two Business Days after the mailing of such notice if sent by registered mail (unless first-class mail shall be specifically permitted for such notice under the terms hereof) or (z) the Business Day following the date such notice is put in the possession of an overnight courier, in any case with postage or delivery charges prepaid, addressed: if to the Corporation, to its office at 3650 Mansell Road, Suite 200, Alpharetta, Georgia 30022, Attention: Mary E. Johnson, Secretary, or to an agent of the Corporation designated as permitted by the Articles of Incorporation, or, if to any holder of the Series A Preferred Stock, to such holder at the address of such holder of the Series A Preferred Stock as listed in the stock record books of the Corporation.

IN WITNESS WHEREOF, these Articles of Amendment have been signed by Mary E. Johnson, Secretary of the Corporation, as of the 11th day of November 2004.

SEASIDE FINANCIAL, INC.

  
Mary E. Johnson, Secretary