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BASIC AMENDMENT

CANDLEGLOW, INC.

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C. Coulliette JUN 22 2005



FLORIDA DEPARTMENT OF STATE

Glenda E. Hood  
Secretary of State

June 21, 2005

CANDLEGLOW, INC.  
C/O KENILWORTH EQUITIES LTD.  
825 THIRD AVE  
NEW YORK, NY 10022

SUBJECT: CANDLEGLOW, INC.  
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SECOND AMENDMENT  
OF THE  
ARTICLES OF INCORPORATION  
OF  
CANDLEGLOW, INC.

FILED  
05 JUN 22 PM 2:57  
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TALLAHASSEE, FLORIDA

(Under Section 607.1006 of the Florida Business Corporation Act)

The undersigned, being a director of Candleglow, Inc., a Florida corporation, hereby certifies that:

FIRST: The name of the corporation is Candleglow, Inc. (hereinafter called the "Corporation").

SECOND: The Articles of Incorporation are hereby amended by adding the following new Paragraph Seventh:

**SEVENTH:** Notwithstanding any other provision of these Articles of Incorporation, any other organizational documents or any provisions of law that empowers the Corporation, the following provisions shall be operative and controlling so long as the loan in the principal amount of approximately \$4,500,000 (the "Loan"), made by Wachovia Bank, National Association or its successors and/or assigns (collectively, the "Lender") to the Candleglow Apartments Limited Partnership (the "Partnership") and secured by a first mortgage on the Premises, is outstanding:

1. The sole purpose for which the Corporation is organized is to acquire, manage, own and hold the general partnership interest in the Partnership, whose sole purpose is to acquire, own, hold, maintain and operate that certain real property at 1071 Candlelight Boulevard in Hernando County, Brooksville, Florida (the "Property"), together with such other activities as may be necessary or advisable in connection with such limited purpose. The Corporation shall not engage in any business, and it shall have no purpose, unrelated to the foregoing purpose and shall not acquire any real property or own assets other than those in furtherance of the limited purposes of the Corporation.

2. The Corporation shall have no authority to perform any act in violation of any (a) applicable laws or regulations or (b) any agreement between the Partnership and the Lender and

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the Corporation and the Lender.

3. The Corporation shall not:

(a) make any loans to any shareholder or the Corporation's or any shareholder's Affiliates (as defined below);

(b) except as permitted by the Lender in writing, cause or permit the Partnership to sell, encumber (except with respect to Lender) or otherwise transfer or dispose of all or substantially all of the properties of the Partnership (a sale or disposition will be deemed to be "all or substantially all of the properties of the Partnership" if the total value of the properties sold or disposed of in such transaction and during the twelve months preceding such transaction is sixty six and two thirds percent (66-2/3%) or more in value of the Partnership's total assets as of the end of the most recently completed corporate fiscal year);

(c) to the fullest extent permitted by law, dissolve, wind up or liquidate the Corporation;

(d) merge, consolidate or acquire all or substantially all of the assets of an Affiliate of same or other person or entity;

(e) change the nature of the business of the Corporation; or

(f) except as permitted by the Lender in writing, amend, modify or otherwise change the provisions of this Paragraph Seventh of these Articles of Incorporation (or, after securitization of the Loan, only if the Corporation receives (i) confirmation from each of the applicable rating agencies that such amendment, modification or change would not result in the qualification, withdrawal or downgrade of any securities rating and (ii) permission of the Lender in writing).

4. The Corporation shall not, and no person or entity on behalf of the Corporation shall, either with respect to itself or the Partnership, without the prior written affirmative vote of one hundred percent (100%) of the Board of Directors: (a) institute proceedings to be adjudicated bankrupt or insolvent; (b) consent to the institution of bankruptcy or insolvency proceedings against it or the Partnership; (c) file a petition seeking, or consenting to, reorganization or relief under any applicable federal or state law relating to bankruptcy; (d) consent to the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Corporation or the Partnership or a substantial part of their respective property; (e) make any assignment for the benefit of creditors; (f) admit in writing its or the Partnership's inability to pay their respective debts generally as they become due or declare or effect a moratorium on its or the Partnership's respective debts; or (g) take any corporate action in furtherance of any such action.

(159120-2)

5. The Corporation shall have no indebtedness or incur any liability other than unsecured debts and liabilities for trade payables and accrued expenses incurred in the ordinary course of its business, provided, however, that such unsecured indebtedness or liabilities (i) are in amounts that are normal and reasonable under the circumstances, but in no event to exceed in the aggregate two percent (2%) of the outstanding principal amount of the Loan and (ii) are not evidenced by a note and are paid when due, but in no event for more than sixty (60) days from the date that such indebtedness or liabilities are incurred. No indebtedness of the Corporation shall be secured.

6. Except as specifically set forth below to the contrary, the Corporation shall at all times observe the applicable legal requirements for the recognition of the Corporation as a legal entity separate from any Affiliates of same, including, without limitation, as follows:

(a) The Corporation shall maintain its principal executive office separate from that of any Affiliate of same and shall conspicuously identify such office as its own or shall allocate by written agreement fairly and reasonably any rent, overhead and expenses for shared office space. Additionally, the Corporation shall use its own separate stationery, invoices and checks which reflect its separate address.

(b) The Corporation shall maintain correct and complete financial statements, accounts, books and records and other entity documents separate from those of any Affiliate of same or any other person or entity. The Corporation shall prepare unaudited quarterly and annual financial statements, and the Corporation's financial statements shall substantially comply with generally accepted accounting principles or be prepared on an income tax basis of accounting.

(c) The Corporation shall maintain its own separate bank accounts, payroll and correct, complete and separate books of account.

(d) The Corporation shall file or cause to be filed its own separate tax returns.

(e) The Corporation shall hold itself out to the public (including any of its Affiliates' creditors) under the Corporation's own name and as a separate and distinct corporate entity and not as a department, division or otherwise of any Affiliate of same.

(f) The Corporation shall observe all customary formalities regarding the corporate existence of the Corporation, including holding meetings and maintaining current and accurate minute books separate from those of any Affiliate of same.

(g) The Corporation shall hold title to its assets in its own name and act solely

in its own name and through its own duly authorized officers and agents. No Affiliate of same shall be appointed or act as agent of the Corporation, other than, as applicable, a property manager with respect to the Property.

(h) Investments shall be made in the name of the Corporation directly by the Corporation or on its behalf by brokers engaged and paid by the Corporation or its agents.

(i) Except as required by Lender, the Corporation shall not guarantee, pledge or assume or hold itself out or permit itself to be held out as having guaranteed, pledged or assumed any liabilities or obligations of any person or entity, including any Affiliate of the Corporation, nor shall it make any loan, except as permitted in the loan agreement with the Lender.

(j) The Corporation is and will be solvent.

(k) Assets of the Corporation shall be separately identified, maintained and segregated. The Corporation's assets shall at all times be held by or on behalf of the Corporation and if held on behalf of the Corporation by another entity, shall at all times be kept identifiable (in accordance with customary usages) as assets owned by the Corporation. This restriction requires, among other things, that (i) Corporation funds shall be deposited or invested in the Corporation's name, (ii) Corporation funds shall not be commingled with the funds of any Affiliate of same or other person or entity, (iii) the Corporation shall maintain all accounts in its own name and with its own tax identification number, separate from those of any Affiliate of same or other person or entity, and (iv) Corporation funds shall be used for the business of the Corporation.

(l) The Corporation shall maintain its assets in such a manner that it is not costly or difficult to segregate, ascertain or identify its individual assets from those of any Affiliate of same or other person or entity.

(m) The Corporation shall pay or cause to be paid its own liabilities and expenses of any kind, including but not limited to salaries of its employees, only out of its own separate funds and assets, and shall maintain a sufficient number of employees in light of its contemplated business operations.

(n) The Corporation shall at all times be adequately capitalized to engage in the transactions contemplated at its formation.

(o) The Corporation shall not do any act which would make it impossible to carry on the ordinary business of the Corporation.

(p) All data and records (including computer records) used by the Corporation or any Affiliate of same in the collection and administration of any loan shall reflect the Corporation's ownership interest therein.

(q) None of the Corporation's funds shall be invested in securities issued by, nor shall the Corporation acquire the indebtedness or obligation of, any Affiliate of same.

(r) When acting on matters subject to the vote of the Directors, notwithstanding that the Corporation is not then insolvent, the Directors shall take into account the interest of the Corporation's creditors, to the maximum extent consistent with applicable law.

(s) The Corporation shall maintain an arm's length relationship with each of its Affiliates and may enter into contracts or transact business with its Affiliates only on commercially reasonable terms that are no less favorable to the Corporation than is obtainable in the market from a person or entity that is not an Affiliate of same.

(t) The Corporation shall correct any misunderstanding that is known by the Corporation regarding its name or separate identity.

For purposes of these Articles of Incorporation, Affiliate means any person or entity, including, but not limited to, the Partnership, which directly or indirectly through one or more intermediaries controls, is controlled by or is under common control with a specified person or entity. For purposes hereof, the terms "control", "controlled", or "controlling" with respect to a specified person or entity shall include, without limitation, (i) the ownership, control or power to vote ten percent (10%) or more of (x) the outstanding shares of any class of voting securities or (y) beneficial interests, of any such person or entity, as the case may be, directly or indirectly, or acting through one or more persons or entities, (ii) the control in any manner over the shareholder(s) or the election of more than one director or trustee (or persons exercising similar functions) of such person or entity, or (iii) the power to exercise, directly or indirectly, control over the management or policies of such person or entity.

7. Any indemnification obligation of the Corporation shall (a) be fully subordinated to the Loan and (b) not constitute a claim against the Corporation or its assets until such time as the Loan has been indefeasibly paid in accordance with its terms and otherwise has been fully discharged."

THIRD: This Amendment was adopted by vote of the Corporation's Board of Directors under Section 607.1002 of the Florida 1989 Business Corporation Act. Shareholder consent was not required. The date of adoption was June 13, 2005.

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IN WITNESS WHEREOF, the undersigned does hereby affirm that the statements made herein are true under the penalties of perjury this 13 day of June, 2005.



Robert E. Morrow, Director

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