

Division of Corporations

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Florida Department of State

Division of Corporations

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BASIC AMENDMENT

THE BELMONT AT BOYNTON BEACH, INC.

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SECRETARY OF STATE
TALLAHASSEE, FLORIDA

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SECOND
ARTICLES OF AMENDMENT
TO
ARTICLES OF INCORPORATION
OF
THE BELMONT AT BOYNTON BEACH, INC.

Pursuant to the provisions of Section 607.1006, Florida Statutes, THE BELMONT AT BOYNTON BEACH, INC., a Florida corporation (the "Corporation"), adopts the following Articles of Amendment to its Articles of Incorporation:

FIRST: Existing Article II of the Corporation's Articles of Incorporation is hereby deleted in its entirety and is replaced with the following:

"ARTICLE II"

The sole purpose of the corporation is to acquire, own, hold, maintain, and operate certain real property, together with all improvements thereon, located in the City of Boynton Beach, State of Florida, commonly known as the Belmont at Boynton Beach Apartments (the "Project"), together with such other activities as may be necessary or advisable in connection with the ownership of the Project. Notwithstanding anything contained herein to the contrary, the corporation shall not engage in any business, and it shall have no purpose unrelated to the Project and shall not acquire any real property or own assets other than those related to the Project and/or otherwise in furtherance of the purposes of the corporation."

SECOND: New Article VIII has been added to the Corporation's Articles of Incorporation to read as follows:

"ARTICLE VIII"

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 (as defined below), including, without limitation, as follows:

(a) The corporation shall maintain its principal executive office and telephone and facsimile numbers separate from that of any Affiliate and shall conspicuously identify such office and numbers as its own. Additionally, the corporation shall use its own separate stationary, invoices and checks which reflect its separate address, telephone number and facsimile number, as appropriate.

(b) The corporation shall maintain its corporate records and books and accounts separate from those of any Affiliate or any other 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

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

(d) The corporation shall hold itself out to the public (including any Affiliate's 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.

(e) All customary formalities regarding the corporate existence of the corporation, including holding meetings of or obtaining the consent of its Board of Directors, as appropriate, and its stockholders and maintaining current and accurate minute books separate from those of any Affiliate, shall be observed.

(f) The corporation shall act solely in its own corporate name and through its own duly authorized officers and agents. No Affiliate shall be appointed or act as agent of the corporation.

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(g) 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.

(h) Except as required by Ohio Savings Bank or its successors or assigns (collectively, the "Lender"), the corporation shall not guarantee or assume or hold itself out or permit itself to be held out as having guaranteed or assumed any liabilities or obligations of any Affiliate, nor shall it make any loan to any Affiliate.

(i) The corporation is and will be solvent and shall pay its own liabilities, indebtedness and obligations of any kind, including all administrative expenses, from its own separate assets.

(j) 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 corporate funds shall not be commingled with those of any Affiliate and it shall maintain all accounts in its own name and with its own tax identification number, separate from those of any Affiliate.

(k) The corporation shall not take any action if, as a result of such action, the corporation would be required to register as an investment company under the Investment Company Act of 1940, as amended.

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

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

(n) None of the corporation's funds shall be invested in securities issued by any Affiliate.

"Affiliate" means any person or entity other than the corporation (i) which owns beneficially, directly or indirectly, more than 50 percent of the outstanding shares of the common stock or which is otherwise in control of the corporation, (ii) of which more than 50 percent of the outstanding voting securities are owned beneficially, directly or indirectly, by any person or entity described in clause (i) above, or (iii) which is controlled by any person or entity described in clause (i) above; provided that for the purposes of this definition the term "control" and "controlled by" shall have the meanings assigned to them in Rule 405 under the Securities Act of 1933, as amended."

THIRD: New Article IX has been added to the Corporation's Articles of Incorporation to read as follows:

"ARTICLE IX"

The corporation shall not, without the affirmative vote of 100 percent of the Board of Directors, institute proceedings to be adjudicated bankrupt or insolvent; or consent to the institution of bankruptcy or insolvency proceedings against it; or file a petition seeking, or consent 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, sequester (or other similar official) of the corporation or a substantial part of its property; 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 any corporate action in furtherance of any such action."

FOURTH: New Article X has been added to the Corporation's Articles of Incorporation to read as follows:

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H02000145954**"ARTICLE X"**

Additionally, the corporation shall not, except as permitted by the Lender in writing, so long as any indebtedness remains outstanding by the corporation to the Lender, (a) liquidate or dissolve the corporation in whole or in part, (b) consolidate, merge or enter into any form of consolidation with or into any other entity, nor convey, transfer or lease its assets substantially as an entirety to any person or entity nor permit any entity to consolidate, merge or enter into any form of consolidation as an entirety to any person or entity, (c) sell, encumber or otherwise dispose of all or substantially all of the properties of the corporation (d) sale or disposition will be deemed to be "all or substantially all of the properties of the corporation" if the sale or disposition includes the Project or if the total value of the properties sold or disposed of in such transaction and during the twelve months preceding such transaction is 66-2/3% or more in value of the corporation's total assets as of the end of the most recently completed corporate fiscal year), or (e) amend or modify these Articles of Incorporation."

FIFTH:

New Article XI has been added to the Corporation's Articles of Incorporation to read as follows:

"ARTICLE XI"

For so long as any indebtedness remains outstanding by the corporation to the Lender, the corporation shall have no indebtedness or incur any liability other than (a) debts and liabilities for trade payables and accrued expenses incurred in the ordinary course of business of operating the Project and (b) the loan made to the corporation by the Lender."

SIXTH:

The foregoing amendments were adopted on May 30, 2002.

SEVENTH:

The foregoing amendments were approved by a majority of the stockholders of the Corporation. The number of votes cast for the amendments were sufficient for approval. There were no voting groups entitled to vote separately on the amendments.

IN WITNESS WHEREOF, THE BELMONT AT BOYNTON BEACH, INC., a Florida corporation, has caused these Articles of Amendment to be signed by its President this 30 day of May, 2002.

THE BELMONT AT BOYNTON BEACH, INC.,
a Florida Corporation

By:


Elie Bardugo, President