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PARK AVENUES RENTAL COMMUNITY TWO, INC.**

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EXAMINER

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**AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF
PARK AVENUES RENTAL COMMUNITY TWO, INC.**

1. The name of the corporation is Park Avenues Rental Community Two, Inc., a Florida corporation (the "Corporation").
2. This Amended and Restated Articles of Incorporation (the "Amended and Restated Articles of Incorporation") contains amendments requiring approval of the Board of Directors and the Shareholders, and all of the same was adopted by the unanimous vote of the members of the Board of Directors and of the Shareholders of the Corporation on September 19, 2011. The number of votes cast by the Shareholders was sufficient for approval.
3. These duly adopted Amended and Restated Articles of Incorporation supersede the original Articles of Incorporation and all amendments to them.
4. The Articles of Incorporation of the Corporation are hereby amended and restated in their entirety to read as follows:

**ARTICLE I
Name and Duration**

The name of the Corporation is Park Avenues Rental Community Two, Inc. The duration of the Corporation is perpetual.

**ARTICLE II
Principal Office**

The address of the principal office and mailing address of the Corporation in the State of Florida is 8711 Perimeter Park Boulevard, Suite 11, Jacksonville, Florida 32216.

**ARTICLE III
Registered Office and Agent**

The street address of the registered office in the State of Florida is 8705 Perimeter Park Boulevard, Suite 8, Jacksonville, Florida 32216. The name of the registered agent at such address is Donald C. Fort.

**ARTICLE IV
Corporate Purposes, Powers and Rights**

1. Notwithstanding any provision hereof to the contrary, the following shall govern: The nature of the business to be conducted and promoted by the Corporation is to engage solely in the activity of acting as a general partner of Park Avenues Rental Community Two, Ltd., a Florida limited partnership (the "Partnership") whose purposes includes owning, holding, selling,

leasing, transferring, exchanging, operating and managing certain parcels of real property, together with all improvements located thereon, which constitute and apartment complex in the City of Jacksonville, County of Duval, State of Florida, called Paradise Island (the "Property"). The nature of the purpose to be conducted and promoted by the Corporation is solely to: (a) be the general partner of the Partnership and be the owner and holder of an 8.6% interest in the Partnership, (b) act as, and exercise all of the authority of, the general partner of the Partnership, and (c) transact any and all lawful business for which a corporation may be organized under the Florida Business Corporations Act that is incident, necessary and appropriate to accomplish the foregoing business and purposes. The Corporation shall exercise all powers enumerated in the Florida Business Corporation Act necessary or convenient to the conduct, promotion or attainment of the business or purposes otherwise set forth herein.

2. Immediately after the filing of these Articles, the Partnership intends to refinance the existing first mortgage on the Property and encumber the Property with that certain Amended and Restated Multifamily Mortgage, Assignment of Rents, Security Agreement (the "First Mortgage"), and related loan documents (collectively, with the First Mortgage, the "Loan Documents") dated September 19, 2011 with Grandbridge Real Estate Capital, L.L.C., a North Carolina limited liability company together with its successors and assigns (the "Lender"), evidencing that certain loan of \$72,030,000 (the "Loan").

3. Notwithstanding any other provision of this Certificate of Incorporation and any provision of law that otherwise so empowers the Corporation, so long as the First Mortgage is outstanding, the Corporation may not, without the prior written consent of the holder of the First Mortgage, do any of the following:

- (a) engage in any business or activity other than those set forth in Paragraph 1 of Article IV of this Amended and Restated Articles of Incorporation; or
- (b) incur any indebtedness or assume or guaranty any indebtedness, except as may be allowed pursuant to the First Mortgage and Loan Documents executed in conjunction with the First Mortgage.

4. So long as the First Mortgage is outstanding, the Corporation may not do any of the following:

- (a) dissolve or liquidate, in whole or in part;
- (b) consolidate or merge with or into any other entity or convey or transfer its properties and assets substantially as an entirety to any entity;
- (c) withdraw as a general partner of the Partnership;
- (d) amend or cause to be amended the organizational documents of the Corporation or the Partnership with respect to changing the sole purpose of the Corporation or the Partnership or the separateness covenants

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contained therein without prior written consent of the holder of the First Mortgage; or

- (e) take any action that might cause the Corporation or the Partnership to become insolvent.

5. So long as the First Mortgage is outstanding, the Board of Directors of the Corporation may not do, or cause the Partnership to do, any of the following without the affirmative vote of 100% of the members of the Board of Directors, including the Independent Director (as hereinafter defined):

- (a) institute proceedings to be adjudicated bankrupt or insolvent;
- (b) consent to the institution of bankruptcy or insolvency proceedings against it;
- (c) file a petition seeking, or consent to, reorganization or relief under any applicable federal or state law relating to bankruptcy;
- (d) seek or consent to the appointment of a receiver, liquidator, conservator, assignee, trustee, sequestrator, custodian or any other similar official of the Corporation or the Partnership or a substantial part of its properties;
- (e) make any assignment for the benefit of creditors;
- (f) admit in writing its inability to pay its debts generally as they become due;
- (g) otherwise seek relief under any laws relating to the relief from debts or the protection of debtors generally;
- (h) take any corporate action in furtherance of any of the preceding actions;
- (i) engage in transactions with affiliates; or
- (j) except as otherwise provided in Paragraph 4(d) hereof, amend the organizational documents of the Corporation or the Partnership.

- 6. (a) For so long as the First Mortgage lien exists on any portion of the Property, in order to preserve and ensure its separate and distinct identity of both the Corporation and the Partnership, in addition to the other provisions set forth in these Amended and Restated Articles, the Corporation shall conduct its affairs in accordance with each and every of the following provisions:
 - (i) It has done and shall do all things necessary to preserve its organizational formalities.

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- (ii) It has maintained and shall continue to maintain its own records, books of account, bank accounts, accounting records, and other entity documents separate and apart from any other person.
- (iii) It has not commingled and shall continue not to commingle its assets with those of any other person or entity and it shall hold its own assets in its own name.
- (iv) It has conducted and shall continue to conduct its own business in its own name.
- (v) It has maintained and shall continue to maintain financial statements showing its assets and liabilities separate and apart from those of any other person or entity, and has not had and shall continue not to have its assets listed on the financial statements of any other person.
- (vi) It has filed and shall continue to file its tax returns separate from those of any other person, has not filed and shall continue not to file a consolidated federal income tax return with any other person, and it has paid and shall continue to pay any taxes required to be paid under applicable law.
- (vii) It has paid and shall continue to pay its own debts and liabilities solely from its own assets.
- (viii) It has observed and shall continue to observe all appropriate corporate partnership and other organizational formalities.
- (ix) It has only entered and shall continue to only enter into transactions and agreements with its affiliates on a commercially reasonable basis and on terms similar to those in an arms-length transaction.
- (x) It has paid and shall continue to pay the salaries of its own employees from its own funds and it has not allowed and shall continue not to allow any other Person to pay the salaries of its employees.
- (xi) It has maintained and shall continue to maintain a sufficient number of employees in light of its contemplated business operations.
- (xii) It has not assume or guaranteed and shall continue to not assume or guaranty (excluding any guaranty that has been executed and delivered in connection with the Loan) the debts and other obligations of any other Person or otherwise pledge their assets for the benefit of any other Person except for obligations of the Partnership in its capacity as general partner of the Partnership.
- (xiii) It has not held out and shall continue not to hold out its credit as being available to satisfy the obligations of any other person or entity except to the extent it is liable for the obligations of the Partnership in its capacity as general partner of the Partnership.
- (xiv) It has not acquired and shall continue not to acquire the obligations or securities of its affiliates or owners, including partners, members or shareholders, as appropriate.

- (xv) It has not made and shall continue not to make loans to any other person or entity or buy and hold evidence of indebtedness issued by any other person or entity, except for cash and investment-grade securities.
- (xvi) It has allocated and shall continue to allocate fairly and reasonably any overhead for common employees, shared office space and any other shared expenses between itself and any other Person
- (xvii) It has had and used and shall continue to have and use separate stationery, invoices and checks bearing its own name.
- (xviii) It has not pledged and shall continue not to pledge its assets for the benefit of any other entity, other than in respect of the Loan.
- (xix) It has held and shall continue to hold itself out as a separate legal entity that is separate and distinct from any other person and it has corrected and shall continue to correct any known misunderstanding regarding its separate identity.
- (xx) It has not identified and shall continue not to identify itself as a division of any other person or entity.
- (xxi) It has maintained and shall continue to maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations.
- (xxii) It has only entered and shall continue to only enter into any contract or agreement with any member, principal or Affiliate upon terms and conditions that are commercially reasonable and substantially similar to those that would be available on an arm's-length basis with third parties.
- (xxiii) It has not, except for the Partnership, formed, held or acquired any subsidiaries and shall, except for the Partnership, continue to not form, hold or acquire any subsidiaries.
- (xxiv) It has not incurred and shall continue not to incur any debt, secured or unsecured, direct or contingent (including, without limitation, guaranteeing any obligation), other than customary unsecured trade payables incurred in the ordinary course of owning, managing and operating the Partnership provided the same are not evidenced by a promissory note and are paid within sixty (60) days of the date incurred.
- (xxv) It has not merged or consolidated and shall continue not to merge or consolidate with any other Person.
- (xxvi) It has not engaged and shall continue not to engage in any business or activity, other than the ownership interest in the Partnership, its operation, management and of the Partnership Property, and activities incidental thereto.
- (xxvii) It has not acquired, owned, held, leased, operated, managed, maintained, developed, or improved and shall continue not to acquire, own, hold, lease, operate, manage, maintain, develop or improve any assets other than its interest in the Partnership and the

Partnership itself, as applicable, and such personalty as may be necessary for such operations and management, and has conducted and operated and shall continue to conduct and operate its business as presently conducted and operated.

(b) For so long as any mortgage lien exists on any portion of the Property, in order to preserve and ensure its separate and distinct identity of both the Corporation and the Partnership, in addition to the other provisions set forth in these Amended and Restated Articles of Incorporation, the Corporation shall cause the Partnership to conduct its affairs in accordance with each and every of the following provisions:

- (i) The Partnership shall do all things necessary to preserve its organizational formalities.
- (ii) The Partnership shall maintain its own records, books of account, bank accounts, accounting records, and other entity documents separate and apart from any other person.
- (iii) The Partnership shall not commingle its assets with those of any other person or entity and it shall hold its own assets in its own name.
- (iv) The Partnership shall conduct its own business in its own name.
- (v) The Partnership shall maintain financial statements showing its assets and liabilities separate and apart from those of any other person or entity, and shall not have its assets listed on the financial statements of any other person.
- (vi) The Partnership shall file its tax returns separate from those of any other person, has not filed and shall continue not to file a consolidated federal income tax return with any other person, and it has paid and shall continue to pay any taxes required to be paid under applicable law.
- (vii) The Partnership shall pay its own debts and liabilities solely from its own assets.
- (viii) The Partnership shall observe all appropriate limited partnership and other organizational formalities.
- (ix) The Partnership shall only enter into transactions and agreements with its affiliates on a commercially reasonable basis and on terms similar to those in an arms-length transaction.
- (x) The Partnership shall pay the salaries of its own employees from its own funds and it has not allowed and shall continue not to allow any other Person to pay the salaries of its employees.
- (xi) The Partnership shall maintain a sufficient number of employees in light of its contemplated business operations.
- (xii) The Partnership shall not assume or guaranty (excluding any guaranty that has been executed and delivered in connection with the Loan) the debts and other obligations of any other Person or otherwise pledge their assets for the benefit of any other Person.

- (xiii) The Partnership shall not hold out its credit as being available to satisfy the obligations of any other person or entity.
- (xiv) The Partnership shall not acquire the obligations or securities of its affiliates or owners, including partners, members or shareholders, as appropriate.
- (xv) The Partnership shall not make loans to any other person or entity or buy and hold evidence of indebtedness issued by any other person or entity, except for cash and investment-grade securities.
- (xvi) The Partnership shall allocate fairly and reasonably any overhead for common employees, shared office space and any other shared expenses between itself and any other Person.
- (xvii) The Partnership shall have and use separate stationery, invoices and checks bearing its own name.
- (xviii) The Partnership shall not pledge its assets for the benefit of any other entity, other than in respect of the Loan.
- (xix) The Partnership shall hold itself out as a separate legal entity that is separate and distinct from any other person and shall correct any known misunderstanding regarding its separate identity.
- (xx) The Partnership shall not identify itself as a division of any other person or entity.
- (xxi) The Partnership shall maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations.
- (xxii) The Partnership shall only enter into any contract or agreement with any member, principal or Affiliate upon terms and conditions that are commercially reasonable and substantially similar to those that would be available on an arm's-length basis with third parties.
- (xxiii) The Partnership shall not form, hold or acquire any subsidiaries.
- (xxiv) The Partnership shall not incur any debt, secured or unsecured, direct or contingent (including, without limitation, guaranteeing any obligation), other than (i) customary unsecured trade payables incurred in the ordinary course of owning, managing and operating the Property provided the same are not evidenced by a promissory note, do not exceed, in the aggregate, at any time a maximum amount of two percent (2%) of the original principal amount of the Indebtedness and are paid within sixty (60) days of the date incurred, and (ii) the Loan.
- (xxv) The Partnership shall not merge or consolidate with any other Person.
- (xxvi) The Partnership shall not engage in any business or activity, other than the ownership, operation, management and maintenance of the Property and activities incidental thereto.
- (xxvii) The Partnership shall not acquire, own, hold, lease, operate, manage, maintain, develop or improve any assets other than the Property and such personalty as may be necessary for the

operation of the Property, and shall conduct and operate its business as presently conducted and operated.

For purpose of the foregoing Article IV, Section 6, the following terms shall have the following meanings:

"affiliate" means any person controlling or controlled by or under common control with the Parent, including, without limitation (i) any person who has a familial relationship, by blood, marriage or otherwise with any director, officer or employee of the Corporation, its parent, or any affiliate thereof and (ii) any person which receives compensation for administrative, legal or accounting services from this Corporation, its parent or any affiliate.

"control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of management policies or activities of a person or entity, whether through ownership of voting securities, by contract or otherwise. The terms "controlling" and "controlled" have meanings correlative to the foregoing.

"person" means any individual, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization, or government or any agency or political subdivision thereof.

ARTICLE V

Independent Director

The Board of Directors of the Corporation shall at all times while the First Mortgage is outstanding include at least one Independent Director. An "Independent Director" shall mean an individual who has prior experience as an independent director, independent manager or independent member with at least three years of employment experience and who is provided by CT Corporation, Corporation Service Company, National Registered Agents, Inc., Wilmington Trust Company, Stewart Management Company, Lord Securities Corporation or, if none of those companies is then providing professional Independent Directors, another nationally-recognized company reasonably approved by the owner and holder of the First Mortgage, in each case that is not an Affiliate of the Corporation and that provides professional Independent Directors and other corporate services in the ordinary course of its business, and which individual is duly appointed as an Independent Director and is not, and has never been and will not while serving as Independent Director be, and of the following:

- (a) a member, partner, equityholder, manager, director, officer or employee of the Corporation, a partner of the Partnership, or any of their respective equityholders or Affiliates (other than as an Independent Director of the Corporation or an Affiliate of the Corporation that is not in the direct chain of ownership of the Company and that is required by a creditor to be a single purpose bankruptcy remote entity, provided that such Independent Director is employed by a company that routinely provides professional Independent Directors or managers in the ordinary course of its business);

- (b) a creditor, supplier or service provider (including provider of professional services) to the Corporation, a partner of the Partnership or any of their respective equityholders or Affiliates (other than a nationally-recognized company that routinely provides professional Independent Directors and other corporate services to the Corporation, a partner of the Partnership or any of its Affiliates in the ordinary course of its business);
- (c) a family member of any such member, partner, equityholder, manager, director, officer, employee, creditor, supplier or service provider; or
- (d) a Person that controls (whether directly, indirectly or otherwise) any of (a), (b) or (c) above.

A natural person who otherwise satisfies the foregoing definition and satisfies subparagraph (a) by reason of being the Independent Director of a "special purpose entity" affiliated with the Company shall be qualified to serve as an Independent Director of the Company, provided that the fees that such individual earns from serving as an Independent Director of affiliates of the Company in any given year constitute in the aggregate less than five percent (5%) of such individual's annual income for that year.

For purposes of this paragraph, a "special purpose entity" is an entity, whose organizational documents contain restrictions on its activities and impose requirements intended to preserve such entity's separateness that are substantially similar to the Special Purpose Provision of this Agreement.

The Board of Directors of the Corporation shall be required to consider the interests of creditors of the Corporation and the Partnership in connection with all corporate action.

ARTICLE VI

Transfers

So long as the First Mortgage is outstanding, no transfer of any direct or indirect ownership interest in the Corporation such that the transferee owns more than a 49% interest in the Corporation may be made unless such transfer is conditioned upon the delivery of an acceptable Non-Consolidation Opinion (as defined below) to the holder of the First Mortgage and to any nationally recognized rating agency which has been requested by the holder of the First Mortgage or any transferee of such holder to rate any issue of securities issued in respect of a pool of mortgage loans which includes the Loan secured by the First Mortgage (the "Certificates") and which is then rating, or expected to rate, such Certificates (individually, a "Rating Agency"), concerning, as applicable, the Corporation, the Partnership, the new transferee and/or their respective owners.

For purposes of this Paragraph, "Non-Consolidation Opinion" shall mean an opinion of counsel to the Partnership (reasonably satisfactory to the holder of the First Mortgage and each Rating Agency in form and substance, from counsel reasonably satisfactory to the holder of the

First Mortgage and each Rating Agency and containing assumptions, limitations and qualifications customary for opinions of such type) to the effect that a court of competent jurisdiction in a proceeding under the United States Bankruptcy Code would not consolidate the assets and liabilities of the Corporation or Partnership, as applicable, with those of any shareholder or affiliate thereof which became a debtor under the United States Bankruptcy Code.

So long as the First Mortgage is outstanding, without prior written consent of the holder of the First Mortgage and the vote of one hundred percent (100%) of the members of the board of Directors, including the Independent Director, the Corporation may not amend, alter, change or repeal Article IV, Article V, Article VI, Article VIII, Article X, or Article XI of these Amended and Restated Articles of Incorporation.

ARTICLE VII Capital Stock

The total number of shares of capital stock which the Corporation has the authority to issue is one thousand (1,000) shares of Common Stock ("Common Stock") \$0.10 par value per share.

ARTICLE VIII Board of Directors

1. The number of members of the Board of Directors may be increased or diminished from time to time by the Bylaws; provided, however, there shall never be less than two until the indebtedness secured by the First Mortgage shall have been paid in full. There shall be at least one Independent Director (as defined in Article V). Each Director shall serve until the next annual meeting of Shareholders.

2. If any vacancy occurs in the Board of Directors during a term, the remaining Directors, by affirmative vote of a majority thereof, may elect a Director to fill the vacancy until the next annual meeting of Shareholders.

3. No vote requiring the unanimous consent of the Board of Directors may be taken unless it contains at least one Independent Director (as defined in Article V).

ARTICLE IX Amendment

Except as otherwise provided in Article IV, the Corporation reserves the right to amend, alter, change or repeal any provision contained in these Articles of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon shareholders herein are granted subject to this reservation.

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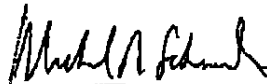
ARTICLE X
Bylaws

The power to adopt, amend or repeal Bylaws for the management of this Corporation shall be vested in the board of Directors or the shareholders, but the Board of Directors may not amend or repeal any Bylaw adopted by the Shareholders if the Shareholders specifically provide that such Bylaw is not subject to amendment or repeal by the Board of Directors.

ARTICLE XI
Indemnification

The Corporation shall indemnify any incorporator, officer or director, or any former incorporator, officer or director, to the full extent permitted by law; provided, however, that such obligation is in all respects subordinate to the Loan.

IN WITNESS WHEREOF, this Amended and Restated Articles of Incorporation has been executed this 19th day of September, 2011, by the undersigned who affirms that the statements contained herein are true under the penalties of perjury.



Michael N. Schneider
Authorized Representative

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