

State of Idaho

Department of State.

CERTIFICATE OF AUTHORITY OF

SOUTHMARK FINANCIAL SERVICES, INC.

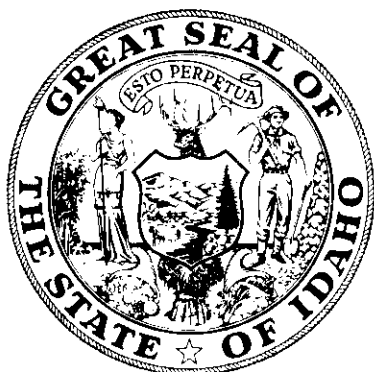
I, PETE T. CENARRUSA, Secretary of State of the State of Idaho, hereby certify that duplicate originals of an Application of **SOUTHMARK FINANCIAL SERVICES, INC.**

_____ for a Certificate of Authority to transact business in this State, duly signed and verified pursuant to the provisions of the Idaho Business Corporation Act, have been received in this office and are found to conform to law.

ACCORDINGLY and by virtue of the authority vested in me by law, I issue this Certificate of Authority to **SOUTHMARK FINANCIAL SERVICES, INC.**

to transact business in this State under the name **SOUTHMARK FINANCIAL SERVICES, INC.**
_____ and attach hereto a duplicate original of the Application for such Certificate.

Dated **June 29, 1984**



Pete T. Cenarrusa

SECRETARY OF STATE

Denise Hauer

Corporation Clerk

APPLICATION FOR CERTIFICATE OF AUTHORITY

To the Secretary of State of Idaho.

Pursuant to Section 30-1-110, **Idaho Code**, the undersigned Corporation hereby applies for a Certificate of Authority to transact business in your State, and for that purpose submits the following statement:

1. The name of the corporation is Southmark Financial Services, Inc.
2. *The name which it shall use in Idaho is Southmark Financial Services, Inc.
3. It is incorporated under the laws of Texas
4. The date of its incorporation is March 16, 1984 and the period of its duration is Perpetual
5. The address of its principal office in the state or country under the laws of which it is incorporated is 1601 LBJ Freeway, Parkwest #800, Dallas, TX 75234
6. The address of its proposed registered office in Idaho is First Interstate Bank Building
700 West Idaho, Boise, ID 83701, and the name of its proposed registered agent in Idaho at that address is United States Corporation Company
7. The purpose or purposes which it proposes to pursue in the transaction of business in Idaho are:
Securities Broker/Dealer

8. The names and respective addresses of its directors and officers are:

| Name | Office | Address |
|----------------------------|---------------------------------|---|
| <u>D. Vinson Marley</u> | <u>CHM of BD & Director</u> | <u>1601 LBJ Freeway, Parkwest #800 Dallas, TX 75234</u> |
| <u>Eugene E. Phillips</u> | <u>Director</u> | <u>Same</u> |
| <u>William S. Friedman</u> | <u>Director</u> | <u>Same</u> |
| <u>Edward J. Harrison</u> | <u>President</u> | <u>Same</u> |

9. The aggregate number of shares which it has authority to issue, itemized by classes, par value of shares, and shares without par value, is:

| Number of Shares | Class | Par Value Per Share or Statement That Shares Are Without Par Value |
|-----------------------------|-----------------------------|--|
| <u>1,000</u> | <u>Common</u> | <u>\$ 1.00/share</u> |
| <u> </u> | <u> </u> | <u> </u> |
| <u> </u> | <u> </u> | <u> </u> |

(continued on reverse)

10. The aggregate number of its issued shares; itemized by classes, par value of shares, and shares without par value, is:

| Number of Shares | Class | Par Value Per Share or Statement That Shares Are Without Par Value |
|------------------|--------|--|
| 1,000 | Common | \$1.00/share |
| | | |
| | | |

11. The corporation accepts and shall comply with the provisions of the Constitution and the laws of the State of Idaho.

12. This Application is accompanied by a copy of its articles of incorporation and amendments thereto, duly authenticated by the proper officer of the state or country under the laws of which it is incorporated.

Dated May 23, 19 84.

Southmark Financial Services, Inc.

By

Edward J. Harrison

Its

President

and

[Signature]

Its

Secretary

STATE OF Texas)

COUNTY OF Dallas) ss:

I, Marcia H. Couch, a notary public, do hereby certify that on this 23rd day of May, 19 84, personally appeared before me Edward J. Harrison, who being by me first duly sworn, declared that he is the President of Southmark Financial Services, Inc.

that he signed the foregoing document as President of the corporation and that the statements therein contained are true.

Marcia H. Couch

Notary Public

*Pursuant to section 30-1-108(b)(1), **Idaho Code**, if the corporation assumes a name other than its true name, this application must be accompanied by a resolution of the Board of Directors to that effect.



The State of Texas

SECRETARY OF STATE

The undersigned, as Secretary of State of the State of Texas, HEREBY CERTIFIES that the attached is a true and correct copy of the following described instruments on file in this office:

SOUTHMARK FINANCIAL SERVICES, INC.

ARTICLES OF INCORPORATION

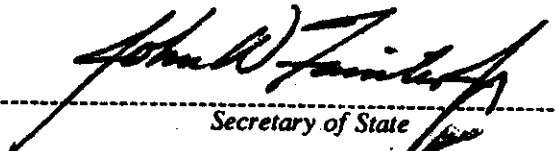
MARCH 16, 1984

ARTICLES OF MERGER

APRIL 2, 1984

IN TESTIMONY WHEREOF, I have hereunto signed my name officially and caused to be impressed hereon the Seal of State at my office in the City of Austin, this

12th day of June, A. D. 19 84


Secretary of State

ARTICLES OF INCORPORATION
OF
SOUTHMARK BROKER SERVICES, INC.

FILED
In the Office of the
Secretary of State of Texas

MAR 16 1984

Clerk B
Corporations Section

I, the undersigned, a natural person of the age of twenty-one years or more, acting as the incorporator of a corporation under the Texas Business Corporation Act, do hereby adopt the following Articles of Incorporation for such corporation:

ARTICLE ONE

The name of the corporation is
SOUTHMARK BROKER SERVICES, INC.

ARTICLE TWO

The period of its duration is perpetual.

ARTICLE THREE

The purpose or purposes for which the corporation is organized are the following, and shall include the transaction of any or all lawful business for which corporations may be incorporated under this Act.

ARTICLE FOUR

The aggregate number of shares which the corporation shall have authority to issue is one thousand (1,000), all of which are one dollar (\$1.00) par value.

ARTICLE FIVE

The corporation will not commence business until it

has received for the issuance of its shares consideration of the value of at least one thousand dollars (\$1,000.00), consisting of money, labor done or property actually received.

ARTICLE SIX

The post office address of its initial registered office is 1601 LBJ Freeway Suite 800 Dallas, Texas 75234 and the name of its initial registered agent at such address is Mark E. Bennet.

ARTICLE SEVEN

The number of directors constituting the initial Board of Directors is three and the names and addresses of the persons who are to serve as directors until the first annual meeting of the shareholders or until their successors are elected and qualified are:

| <u>NAME</u> | <u>ADDRESSES</u> |
|---------------------|--|
| Gene E. Phillips | 1601 LBJ ste. 800, Dallas, TX 75234 |
| D. Vinson Marley | 1601 LBJ ste. 800 Dallas, TX 75234 |
| William S. Friedman | 630 Fifth Ave. ste. 570 N.Y., N.Y. 10111 |

ARTICLE EIGHT

The name and address of the incorporator are:

NAME

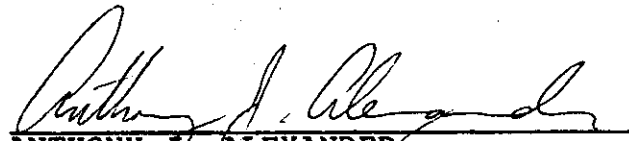
ADDRESS

ANTHONY J. ALEXANDER

33 NORTH LASALLE STREET
CHICAGO, ILLINOIS 60602

IN WITNESS WHEREOF, I have hereunto set my hand on
this day opposite my signature.


DATED:


ANTHONY J. ALEXANDER
Incorporator

STATE OF ILLINOIS)
COUNTY OF C O O K)

SS.:

I, JOAN D. BARNEY, being a Notary Public, do hereby certify that on the 15th day of March, 1984 personally appeared before me ANTHONY J. ALEXANDER, who being by my first duly sworn, declared that he is the person who signed the foregoing document as incorporator, and that the statements therein contained are true.



JOAN D. BARNEY
Notary Public for the County of
Cook, State of Illinois

My commission expires: 11/30/86

FILED
In the Office of the
Secretary of State of Texas

APR 02 1984

Clerk IN
Corporations Section

ARTICLES OF MERGER
OF
SOUTHMARK FINANCIAL SERVICES, INC.
WITH AND INTO
SOUTHMARK BROKER SERVICES, INC.

1.

These articles of merger are executed by SOUTHMARK BROKER SERVICES, INC., a corporation organized and existing under the laws of the state of Texas ("Broker"), and SOUTHMARK FINANCIAL SERVICES, INC., a corporation organized and existing under the laws of the state of California ("Financial").

2.

The respective boards of directors of Broker and Financial have by resolution approved the merger of Financial with and into Broker pursuant to the terms and conditions set forth in the Agreement and Plan of Merger (the "Plan") executed by and between Financial and Broker, a copy of which is attached hereto as Exhibit "A" and incorporated herein by reference, and have resolved that Broker shall be the surviving corporation and shall change its name to Southmark Financial Services, Inc., in such merger pursuant to the Plan.

3.

The merger herein provided is permitted by the laws of the jurisdiction of organization of Financial and is in compliance with said laws.

4.

Broker has one thousand (1,000) shares of Common Capital Stock outstanding, all of which are owned by Southmark Corporation, a Georgia corporation, and all of which were voted in favor of the Plan.

4.

Financial has One Thousand (1,000) shares of Common Capital Stock outstanding, all of which are owned by Broker, and all of which were voted in favor of the Plan.

5.

As provided in the Plan, Article One of the Articles of Incorporation of Broker is hereby amended to read as follows:

The name of the Corporation is "Southmark Financial Services, Inc."

7.

As provided in the Plan, Article Three of the Articles of Incorporation of Broker is hereby amended to read as follows:

The purpose or purposes for which the corporation is organized are:

(a) To engage in and carry on the business of brokers and dealers in securities of every kind, character and description; to underwrite and distribute on behalf of itself and of others, securities of every kind, character and description and to participate with others in any such underwriting or distribution; to negotiate private placements of any such securities and to do a general securities business in all branches thereof to the full extent permitted by law, including, without limiting the generality of the foregoing, a general brokerage, underwriting and investment business, and to do any and all things which may be useful in connection with or incidental to the conduct of such business;

(b) To engage in the business of buying, selling and otherwise dealing in or with, in any manner whatever, as broker, agent or principal, and on commission or otherwise, contracts respecting the purchase, sale or other disposition of shares, bonds, notes, mortgages, debentures and other securities or any interest therein;

(c) To acquire in any manner, subscribe for, purchase and invest in for cash or on margin, receive, hold, own, assign, transfer, sell or otherwise dispose of, endorse, mortgage, pledge or otherwise deal in or with shares of stock and bonds, mortgages, debentures, notes and other securities, obligations, contracts and evidences of indebtedness of any corporation, association, firm, individual or government or subdivision thereof. To issue in exchange therefor shares of the capital stock, bonds, mortgages, debentures, notes or other obligations of the corporation or otherwise to make payment therefor in any lawful manner;

(d) To engage in any business related or unrelated to those described in Paragraphs (a). (b) and (c) of this ARTICLE THREE and to exercise any and all rights and powers now and hereafter granted to a corporation by law;

(e) To act as principal, agent, partner, joint venturer or in any other legal capacity in any transaction; and

(f) To generally carry out the purposes and objects of the corporation by any and all lawful means.

The above purpose clauses shall not be limited by reference to or inference from one another, but each such purpose clause shall be construed as a separate statement conferring independent purposes and powers upon the corporation.

IN WITNESS WHEREOF, Southmark Broker Services, Inc., and Southmark Financial Services, Inc. each has caused these Articles of Merger, pursuant to authority duly given by its board of directors, and with the approval of its sole shareholder, to be executed on its behalf and in its corporate name by its president or vice president, attested by its secretary or assistant secretary and its corporate seal affixed hereto, as of the 28th day of March, 1984.

SOUTHMARK BROKER SERVICES, INC.

By: Edward J. Harrison
Edward J. Harrison, President

Attest: M. Eugenia Edmondson
M. Eugenia Edmondson, Secretary

[CORPORATE SEAL]

SOUTHMARK FINANCIAL SERVICES, INC.

By: Edward J. Harrison
Edward J. Harrison, President

Attest: M. Eugenia Edmondson
M. Eugenia Edmondson, Secretary

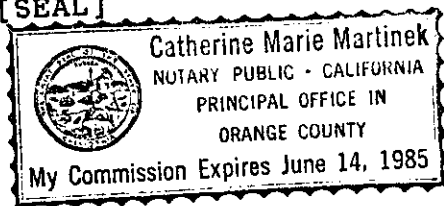
[CORPORATE SEAL]

VERIFICATION

STATE OF Calif.)
COUNTY OF Los Angeles §§:

I, the undersigned, a Notary Public in and for the State and County aforesaid, do hereby certify that on this 26th day of March, 1984, personally appeared before me Edward J. Harrison, who, being by me first duly sworn, declared that he is the President of Southmark Broker Services, Inc.; that he signed the foregoing document as said President of the said corporation, and that the statements contained therein are true.

[SEAL]



Catherine Marie Martinek

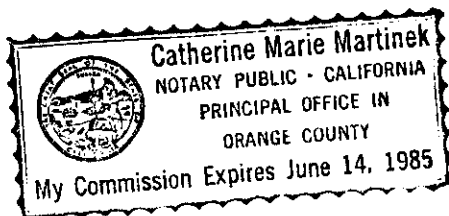
Notary Public
My commission expires:

6/14/85

STATE OF Calif.)
COUNTY OF Los Angeles §§:

I, the undersigned, a Notary Public in and for the State and County aforesaid, do hereby certify that on this 26th day of March, 1984, personally appeared before me Edward J. Harrison, who, being by me first duly sworn, declared that he is the President of Southmark Financial Services, Inc.; that he signed the foregoing document as said President of the said corporation, and that the statements contained therein are true.

[SEAL]



Catherine Marie Martinek

Notary Public
My commission expires:

6/14/85

VERIFICATION

STATE OF

California

COUNTY OF

Los Angeles

Edward J. Harrison and M. Eugenia Edmondson, being first duly sworn on oath, depose and say that they are the President and Secretary of Southmark Broker Services, Inc.; that as such officers they are duly authorized to sign the foregoing Articles of Merger; and that they have read the said Articles of Merger, know the contents thereof, and that the same are true.

Edward J. Harrison

EDWARD J. HARRISON, President

M. Eugenia Edmondson

M. Eugenia Edmondson, Secretary

Subscribed and sworn before me this 26th day of March, 1984.

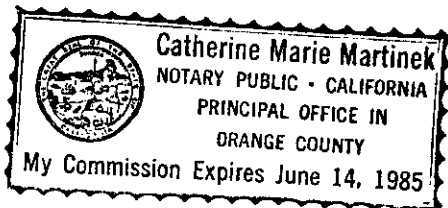
Catherine Marie Martinek

Notary Public

[SEAL]

My commission expires:

6/14/85



VERIFICATION

STATE OF

California

COUNTY OF

Los Angeles

Edward J. Harrison and M. Eugenia Edmondson, being first duly sworn on oath, depose and say that they are the President and Secretary of Southmark Financial Services, Inc.; that as such officers they are duly authorized to sign the foregoing Articles of Merger; and that they have read the said Articles of Merger, know the contents thereof, and that the same are true.

Edward J. Harrison

Edward J. Harrison, President

M. Eugenia Edmondson

M. Eugenia Edmondson, Secretary

1984.

Subscribed and sworn before me this 20th day of March.

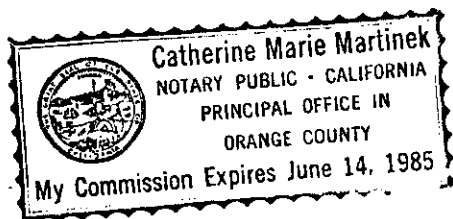
Catherine Marie Martinek

Notary Public

[SEAL]

My commission expires:

6/14/85



AGREEMENT AND PLAN OF MERGER

This Agreement and Plan of Merger is made and entered into as of this 28th day of March, 1984, by and between SOUTHMARK BROKER SERVICES, INC., a corporation organized and existing under the laws of the State of Texas ("Broker"), and SOUTHMARK FINANCIAL SERVICES, INC., a corporation organized and existing under the laws of the State of California ("Financial").

Background Statement

1. Financial currently has one thousand (1,000) shares of common Capital Stock issued and outstanding, all of which are owned by Broker.

2. The respective Boards of Directors of Broker and Financial have determined that it is in the best interests of each corporation and their respective shareholders that Financial be merged into Broker.

3. The respective sole shareholders of both Broker and Financial have adopted resolutions approving this Agreement and Plan of Merger.

4. The parties hereto desire that Broker, as the surviving corporation in the merger, change its name to "Southmark Financial Services, Inc." upon the consummation of the Merger.

Agreement

NOW, THEREFORE, in consideration of the premises and pursuant to the terms and conditions hereinafter set forth, the parties hereto agree that Financial shall be merged into Broker, and that the terms and conditions of such merger and the mode of carrying the merger into effect shall be as follows:

1. The Merger and Surviving Corporation; Effective Time. At the Effective Time, as hereinafter defined, Financial shall be merged into Broker, which shall be the

surviving corporation after the merger (the "Surviving Corporation") and which shall continue to exist as a corporation created and governed by the laws of the state of Texas. Broker and Financial shall file Articles of Merger with the Secretary of State of the State of Texas pursuant to the Texas Business Corporation Act, and the merger shall be effective at the date and time of the issuance of a Certificate of Merger by the Secretary of State of the State of Texas ("Effective Time"). Contemporaneously therewith, Broker and Financial shall file an executed copy of this Agreement and Plan of Merger with the Secretary of State of the State of California, together with an officer's certificate of Broker and Financial pursuant to section 1103 of the California General Corporation Law.

2. Articles of Incorporation.

(i) Article One of the Articles of Incorporation of Broker (a copy of which is attached hereto and incorporated herein by reference) shall be amended effective as of the Effective Time, to be and read as follows:

The name of the Corporation is "Southmark Financial Services, Inc."

(ii) Article Three of the Articles of Incorporation of Broker shall be amended effective as of the Effective Time to be and read as follows:

The purpose or purposes for which the Corporation is organized are:

(a) To engage in and carry on the business of brokers and dealers in securities of every kind, character and description; to underwrite and distribute on behalf of itself and of others, securities of every kind, character and description and to participate with others in any such underwriting or distribution; to negotiate private placements of any such securities and to do a general securities business in all branches thereof to the full extent permitted by law, including, without limiting the generality of the foregoing, a general brokerage, underwriting and investment business, and to do any and all things which may be useful in connection with or incidental to the conduct of such business.

(b) To engage in the business of buying, selling and otherwise dealing in or with, in any manner whatever, as broker, agent or principal,

and on commission or otherwise, contracts respecting the purchase, sale or other disposition of shares, bonds, notes, mortgages, debentures and other securities or any interest therein;

(c) To acquire in any manner, subscribe for, purchase and invest in for cash or on margin, receive, hold, own, assign, transfer, sell or otherwise dispose of, endorse, mortgage, pledge or otherwise deal in or with shares of stock and bonds, mortgages, debentures, notes and other securities, obligations, contracts and evidences of indebtedness of any corporation, association, firm, individual or government or subdivision thereof. To issue in exchange therefor shares of the capital stock, bonds, mortgages, debentures, notes or other obligations of the corporation or otherwise to make payment therefor in any lawful manner;

(d) To engage in any business related or unrelated to those described in Paragraphs (a), (b) and (c) of this ARTICLE THREE and to exercise any and all rights and powers now and hereafter granted to a corporation by law;

(e) To act as principal, agent, partner, joint venturer or in any other legal capacity in any transaction; and

(f) To generally carry out the purposes and objects of the Corporation by any and all lawful means.

The above purpose clauses shall not be limited by reference to or inference from one another, but each such purpose clause shall be construed as a separate statement conferring independent purposes and powers upon the Corporation.

(iii) The Articles of Incorporation of Broker as amended as of the Effective Time shall continue to be the Articles of Incorporation of the Surviving Corporation.

3. Stock. The manner and basis of dealing with the Broker common stock and the Financial common stock shall be as follows:

(i) Broker Stock. At the Effective Time each share of common stock of Broker shall thereupon become, without further action and without the issuance or exchange of new shares or share certificates, respectively one share of common stock of the Surviving Corporation.

(ii) Financial Stock. At the Effective Time, all authorized and outstanding shares of common stock of Financial and all rights in respect thereof shall thereupon, by virtue of the merger and without any action on the part of the holder thereof, be extinguished and cancelled, and no shares of stock of the Surviving Corporation shall be issued in respect thereof.

4. Bylaws. The bylaws of Financial as in effect at the Effective Time shall become and thereafter shall continue to be the bylaws of the Surviving Corporation until altered, amended or repealed as provided therein.

5. Directors. The following persons shall become the directors of the Surviving Corporation, subject to the bylaws of the Surviving Corporation and the Texas Business Corporation Act: Gene E. Phillips, William S. Friedman and D. Vinson Marley.

6. Officers. The following persons shall become and shall remain the officers of the Surviving Corporation until their successors are duly elected and qualified subject to the bylaws of the Surviving Corporation and the Texas Business Corporation Act:

| | |
|--|-------------------------|
| Chairman of the Board | - D. Vinson Marley |
| President | - Edward J. Harrison |
| Executive Vice President/ Director of Marketing | - Carlton R. Bates, Jr. |
| Chief Financial Officer | - Gerald E. O'Neill |
| Senior Vice President | - L. Lawrence Moorman |
| Senior Vice President/ Secretary | - M. Eugenia Edmondson |
| Assistant Secretary | - Catherine Martinck |

7. Termination. This Agreement and Plan may be terminated or abandoned at any time prior to the filing of Articles of Merger as the parties may from time to time agree.

8. Further Assurances. If at any time the Surviving Corporation shall consider or be advised that any further assignments or assurances or any things are necessary or desirable to vest in the Surviving Corporation, according to the terms hereof, the title of any property or rights of Financial, the last acting officers and directors of Financial, as the case may be, or the corresponding officers and directors of the Surviving Corporation shall and will execute and make all such proper assignments and assurances and do all things necessary or proper to vest title in such property or rights in the Surviving Corporation, and otherwise to carry out the purposes of this Agreement.

9. Governing Law. This Plan and Agreement and the legal relations between the parties hereto shall be governed by and construed in accordance with the laws of the state of Texas.

IN WITNESS WHEREOF, each of Broker and Financial has caused this Plan and Agreement of Merger, pursuant to authority duly given by its respective Board of Directors and with the approval of the sole shareholder of Broker and Financial, respectively, to be executed on its behalf and in its corporate name by its President or Vice President, attested by its Secretary or Assistant Secretary and its corporate seal affixed hereto, all as of the date first above written.

SOUTHMARK BROKER SERVICES, INC.

[Corporate Seal]

By: Edward J. Harrison
Edward J. Harrison, President

Attest: M. Eugenia Edmondson
M. Eugenia Edmondson, Secretary

SOUTHMARK FINANCIAL SERVICES, INC.

[Corporate Seal]

By: Edward J. Harrison
Edward J. Harrison, President

Attest: M. Eugenia Edmondson
M. Eugenia Edmondson, Secretary