

FILED EFFECTIVE

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SECRETARY OF STATE
STATE OF IDAHO**SECOND AMENDMENT TO THE ARTICLES OF INCORPORATION OF
HERITAGE PLACE, INC.**

This Second Amendment to the Articles of Incorporation of Heritage Place, Inc. (the "Second Amendment") is adopted by the Board of Directors of HERITAGE PLACE, INC., an Idaho nonprofit corporation (the "Corporation") this 13th day of February, 2012 and amends the Corporation's Articles of Incorporation dated January 13, 1977, as amended by the Amendment to Articles of Incorporation dated May 24, 2004 (the "Original Articles").

BACKGROUND

The Corporation is seeking to refinance existing debt secured by the rental housing project known as Heritage Place with a loan from CWCapital LLC in the amount of \$3,411,900.00 (the "Loan"). The Loan will be insured by the Secretary of the Department of Housing and Urban Development (the "Secretary" or "HUD"). As a condition of providing such insurance, HUD requires that the Corporation include the provisions contained in these Articles of Amendment in the Corporation's organizational documents.

To the extent the Original Articles are not in conflict with these Articles of Amendment, the Original Articles remain in full force and effect.

AMENDMENTS

A. Article XVI is hereby amended and restated to read as follows:

ARTICLE XVI

So long as the Secretary of the Department of Housing and Urban Development ("Secretary" or "HUD") or the Secretary's successors or assigns is the insurer or holder of a HUD-insured note secured by any mortgage, deed of trust or security deed on the project named Heritage Place Apartments, project number 124-11017 (formerly project number 124-11004), in Coeur d'Alene, Idaho (the "Project"):

1. If any of the provisions of organizational documents of the Corporation conflict with the terms of the HUD-insured note, mortgage, deed of trust or security deed, security agreement or HUD Regulatory Agreement ("HUD Loan Documents") the provisions of the HUD Loan Documents will control. The terms of the HUD Regulatory Agreement takes precedence in the event of any conflict with the terms of the Corporation's organizational documents.

IDAHO SECRETARY OF STATE
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2. So long as HUD is the insurer or holder of the Note, no provision required by HUD to be inserted into the organizational documents may be amended without HUD's prior written approval.

3. None of the following will have any force or effect without the prior written consent of HUD:

(a) Any amendment that modifies the term of the Corporation's existence;

(b) Any amendment that triggers application of the HUD previous participation certification requirements (as set forth in Form HUD-2530, Previous Participation Certification, or 24 C.F.R. § 200.210, et seq.);

(c) Any amendment that in any way affects the HUD Loan Documents;

(d) Any amendment that would authorize anyone other than an Officer or Director previously approved by HUD to bind the Corporation for all matters concerning the Project which requires HUD's consent or approval;

(e) A change that is subject to the HUD TPA requirements contained in Chapter 13 of HUD Handbook 4350.1 REV-1, or that requires a vote of those who control the Corporation; or

(f) Any change in a guarantor of any obligation to HUD (including those obligations arising from violations of the Regulatory Agreement).

4. The Corporation is authorized to execute a Note and Deed of Trust in order to secure a loan to be insured by HUD and to execute the Regulatory Agreement and other documents required by the Secretary in connection with the HUD-insured loan. The Corporation has the authority to enter into the transaction and to comply with the requirements of the HUD/FHA Insurance Program.

5. Any incoming Director of the Corporation must, as a condition of receiving an interest in the Corporation, agree to be bound by the HUD Loan Documents and all other documents required in connection with the HUD-insured loan to the same extent and on the same terms as the other Directors.

6. Notwithstanding any other provisions, upon any dissolution, no title or right to possession and control of the Project, and no right to collect the rents from the Project, shall pass to any person or entity that is

not bound by the HUD Regulatory Agreement in a manner satisfactory to HUD.

7. The approved Corporation shall not voluntarily be dissolved or converted to another form of entity without the prior written approval of HUD.

8. The Corporation has designated Michael J. Grabenstein as its official representative for all matters concerning the Project that require HUD consent or approval. The signature of this representative will bind the Corporation in all such matters. The Corporation may from time to time appoint a new representative to perform this function, but within three (3) business days of doing so, will provide HUD with written notification of the name, address and telephone number of its new representative. When a person other than the person identified above has full or partial authority with respect to management of the Project, the Corporation will promptly provide HUD with the name of that person and the nature of that person's management authority.

9. Unless otherwise approved in writing by HUD, the Corporation's business and purpose shall consist solely of the acquisition, ownership, operation and maintenance of FHA Project No. 124-11017 (the "Project") located in Coeur D'Alene, Idaho, and activities incidental thereto. Corporation shall not engage in any other business or activity. The project shall be the sole asset of the Corporation, which shall not own any other real estate other than the aforesaid Project.

10. Notwithstanding any provision in this Agreement to the contrary, for so long as the Project is subject to a loan insured by HUD, any obligation of the Corporation to provide indemnification under these Articles or the Corporation's bylaws shall be limited to (i) coverage afforded under any liability insurance carried by the Corporation and (ii) available "surplus cash" of the Corporation as defined in the Regulatory Agreement.

11. Neither the Corporation, nor its officers or directors shall, without HUD's prior written approval, grant a security interest in any of the Corporation's or the Project's assets.

[Certification on following page]

I certify that on the 15 day of FEBRUARY, 2012, pursuant to Idaho Statutes §30-3-91 and the Corporation's Articles and Bylaws, the foregoing Second Amendment was adopted by a vote of the members and the Board of Directors of the Corporation, with 13 out of 15 of the members and Directors voting and 13 out of 15 of the members and Directors approving of the Second Amendment.

By: 

Name: MIKE GRABENSTEIN

Title: EXECUTIVE DIRECTOR