

**ARTICLES OF ORGANIZATION
OF
NHS ASSOCIATES, L.L.C.**

JACK FIORELLA III and J. FRANK BAREFIELD, JR. each a resident of the State of Alabama and INVESTMENT COMPANY OF THE SOUTH, L.L.C., an Alabama limited liability company formed on December 29, 1994 pursuant to Articles of Organization filed with the Birmingham Division of the Jefferson County, Alabama Probate Office (collectively the "Members"), hereby form a limited liability company (the "Company") under the Alabama Limited Liability Company Act (the "Act"), Section 10-12-1, et seq., Code of Alabama (1994 Cumulative Supplement).

1. NAME OF COMPANY. The name of the Company is:

"NHS Associates, L.L.C."

2. COMPANY OPERATING AGREEMENT. The affairs of the Company, the conduct of its business, and the relations of its Members, are regulated and established under the Operating Agreement for NHS Associates, L.L.C. dated contemporaneously with these Articles by and between the Members, as the same may be amended from time to time in accordance with its terms (the "Operating Agreement"). Capitalized terms used but not defined in these Articles are defined in the Operating Agreement.

3. PERIOD OF DURATION. The period of the Company's duration shall be from the Filing Date until the fiftieth (50th) anniversary of the Filing Date, provided that the Company shall be dissolved, and its affairs shall be wound up, upon the occurrence of any of the following events:

- (a) The written consent of all Members to dissolve the Company;
- (b) The occurrence of any Withdrawal Event, unless a Majority of the remaining Members continue the legal existence and business of the Company pursuant to the Operating Agreement and Paragraph 9 of these Articles;
- (c) When the Company is not the successor in any merger or consolidation with one or more limited liability companies or other entities; and
- (d) The entry of a decree of judicial dissolution under Section 38 of the Act.

4. COMPANY PURPOSES. The Company has been organized for the purposes of acquiring, renovating, owning and operating a multi-family residential development in Jackson, Mississippi generally known as North Hills Square. In that connection, the Company intends to register as a foreign limited liability company under the provisions of the Mississippi Limited Liability Company Act. The Company may also transact any other lawful business for which a limited liability company may be formed under the Act, but nothing contained herein shall be construed as authorizing the

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Company to carry on the business of banking or insurance or to act as a trust company.

5. INITIAL REGISTERED OFFICE. The location and mailing address of the initial registered office of the Company is Two Riverchase Office Plaza, Suite 206, Birmingham, Alabama 35244. The name of the Company's initial registered agent at such address is Jack Fiorella III.

6. INITIAL MEMBERS. The names and mailing addresses of the initial Members of the Company are as follows:

<u>NAME</u>	<u>ADDRESS</u>
Jack Fiorella III	Two Riverchase Office Plaza Suite 206 Birmingham, Alabama 35244
J. Frank Barefield, Jr.	100 Centerview Drive Suite 171 Birmingham, Alabama 35216
Investment Company of of the South, L.L.C.	100 Centerview Drive Suite 171 Birmingham, Alabama 35216

7. ADDITIONAL AND SUBSTITUTE MEMBERS. Any new Members shall be admitted to the Company only in accordance with the terms set forth in the Operating Agreement. A party may become an additional Member only with the written approval of all of the Members. A party may become a substitute Member only (i) with the written approval of a majority in interest of the Members, exclusive of the Member for whom such party is proposed to be substituted; or (ii) in connection with a transfer to a Permitted Transferee after the occurrence of any Withdrawal Event which does not result in the dissolution of the Company.

8. EVENTS OF DISSOCIATION. As authorized under Section 36 of the Act, the Operating Agreement contains provisions to the effect that a Member has no power to dissociate by voluntary act from the Company, and that a person shall not cease to be a Member of the Company upon the occurrence of any of the various events listed in Section 36(b) of the Act.

9. CONTINUATION OF BUSINESS. The continued membership of a Member in the Company may be terminated only in connection with (i) the withdrawal of such Member pursuant to the unanimous written agreement of all of the Members or (ii) the sale of such Member's entire membership interest in the Company, and the substitution of his purchaser as a Member in his place and stead, pursuant to the written agreement of a majority in interest of the other Members. If there are at least two (2) remaining Members, the legal existence and business of the Company may be continued by the

written consent of a Majority of the remaining Members within ninety (90) days after the occurrence of any such event. If there is only one (1) remaining Member, the legal existence and business of the Company may be continued if a new Member is admitted within ninety (90) days after the occurrence of any such event.

10. MANAGEMENT OF THE COMPANY. Management of the Company is vested in its Members pursuant to the Act and the Operating Agreement.

11. WAIVER OF PURCHASE RIGHTS. The Operating Agreement contains provisions under which the respective Members have waived the rights which would otherwise apply pursuant to Section 30 of the Act for the purchase of a dissociated Member's interest in the Company. The Operating Agreement contains certain mandatory sale provisions which are intended by the parties to replace the statutory purchase provisions under Section 30 of the Act, and which the parties acknowledge to be a reasonable and satisfactory substitute for such statutory provisions.

12. ISSUANCE AND DISPOSITION OF MEMBERSHIP INTERESTS.

(a) Issuance of Membership Interests. The Company may from time to time issue Membership Interests pursuant to the Operating Agreement, and may receive in payment thereof, in whole or in part, cash, services actually performed, real or personal property (tangible or intangible), or a promissory note or other binding obligation to pay cash, convey property or render services.

(b) Restrictions on Transfer of Membership Interests. Membership Interests shall be transferrable only upon such terms and conditions as set forth in the Operating Agreement.

(c) Rights and Options. Rights or options entitling the holders thereof to purchase Membership Interests from the Company shall be created and issued by the Company only as set forth in the Operating Agreement.

(d) Acquisition of Membership Interests. Any Person which shall acquire a Membership Interest in the Company shall acquire it subject to the provisions of these Articles of Organization and the Operating Agreement. So far as not otherwise expressly provided by the laws of the State of Alabama, the Company shall be entitled to treat the Person in whose name any Membership Interest is registered as the owner thereof for all purposes and shall not be bound to recognize any equitable or other claim to or interest in said Membership Interest on the part of any other Person, whether or not the Company shall have notice thereof.

(e) Certificates of Interest. The Company may issue certificates from time to time to evidence the interests of the Members of the Company.

13. INDEMNIFICATION OF MEMBERS, EMPLOYEES AND AGENTS. The Company may indemnify its Members, employees and agents to the maximum extent provided by law.

14. INVESTMENT INTENT.

(a) Each Member does hereby acknowledge, represent and warrant to, and does hereby agree with, the Company as follows:

(i) By reason of such Member's knowledge and experience in financial and business matters, such Member is capable of evaluating the merits and risks of an investment in the Company.

(ii) Such Member is acquiring his or its interest in the Company for investment, with the intent of holding the same, and not with a view toward participating, directly or indirectly, in a distribution or resale of such interest, and such interest is being acquired only for his or its own account and not for the account or benefit of any other person.

(iii) Such Member's financial condition is such that he or it is not under any present necessity or obligation to dispose of his or its interest in the Company in order to satisfy any existing or contemplated indebtedness or undertaking.

(iv) Such Member's overall commitment to investments which are not readily marketable is not disproportionate to his or its net worth, and such Member's investment in the Company will not cause such overall commitment to become excessive.

(v) Such Member has adequate means of providing for current needs and contingencies and has no need for liquidity in an investment in the Company. Accordingly, such Member can bear the economic risk of an investment in the Company.

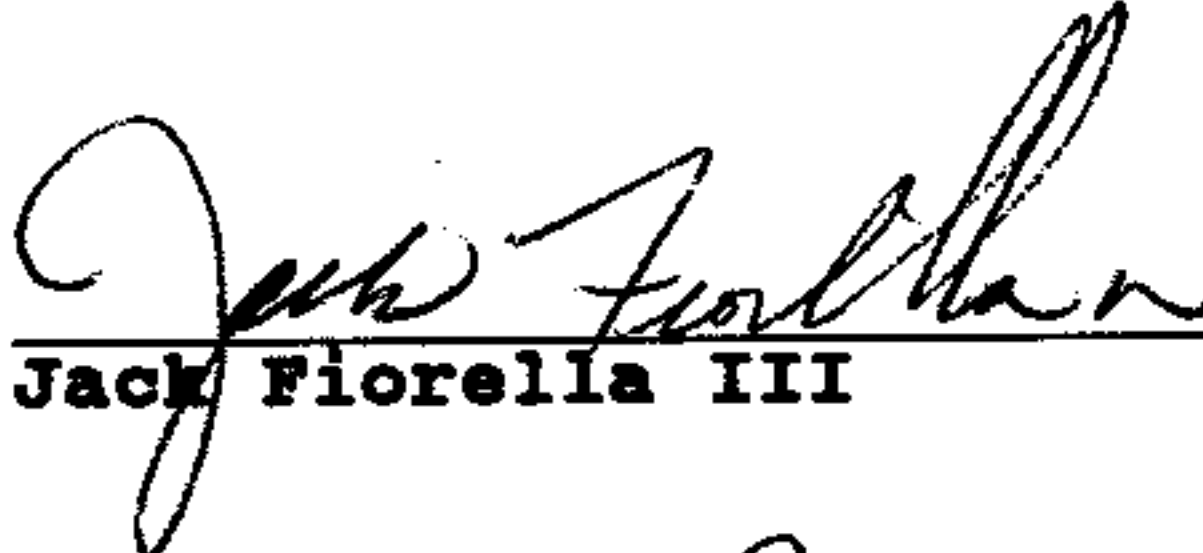
(b) The interest being acquired by such Member has not been registered under the Securities Act of 1933, as amended, or any state securities laws, and such interest shall be held indefinitely unless subsequently registered under such laws or unless, in the opinion of counsel satisfactory to the Company, a transfer may be effected without registration thereunder. Accordingly, the Company shall place a legend on any certificate evidencing such Member's interest to such effect, and shall issue stop transfer instructions to the Company's transfer agent, if any, with respect to its interests, or, if the Company transfers its own interests, shall make a notation in the appropriate records of the Company.

(c) Each Member does hereby indemnify and hold harmless the Company and each other Member from and against any and all liabilities, costs, damages and expenses reasonably incurred by each indemnified Member which result from any misrepresentation of any of the foregoing by such indemnifying Member or any inaccuracy in any of the foregoing.

15. SUBSEQUENTLY ADOPTED LAWS. Any and every statute of the State of Alabama hereafter enacted whereby the rights, powers and privileges of the holders of membership interests of limited liability companies organized under the general laws of the State of Alabama are increased, diminished or in any way affected, or whereby effect is given to the action taken by any part but less than all of the holders of membership interests of any such limited liability company, shall apply to this Company and to every holder of membership interests thereof, to the same extent as if such statute had been in force at the date of the making and filing of these Articles of Organization.

16. AMENDMENT. The Company reserves the right to amend, alter, change or repeal any provision contained in these Articles of Organization in the manner now or hereafter provided by law, and all rights conferred upon holders of membership interests herein are granted subject to this reservation; provided, however, that no such amendment, alteration, change or repeal shall be effective without approval of the Members, pursuant to the Operating Agreement.

IN WITNESS WHEREOF, the undersigned, acting as the initial Members of the Company, have executed these Articles of Organization as of August 29, 1995.




Jack Fiorella III



J. Frank Barefield, Jr.

INVESTMENT COMPANY OF THE
SOUTH, L.L.C., an Alabama
limited liability company

By: 

J. Frank Barefield, Jr.,
Authorized Member

STATE OF ALABAMA)

JEFFERSON COUNTY)

I, the undersigned authority, a Notary Public in and for said County, in said State, hereby certify that **Jack Fiorella III**, whose name is signed to the foregoing Articles of Organization of NHS Associates, L.L.C., and who is known to me, acknowledged before me on this day that, being informed of the contents of said Articles of Organization, he executed the same voluntarily as of August 29, 1995.

Given under my hand this the 29 day of August, 1995.

Cynthia M. Day
Notary Public
My Commission Expires: 11/98

STATE OF ALABAMA)

JEFFERSON COUNTY)

I, the undersigned authority, a Notary Public in and for said County, in said State, hereby certify that **J. Frank Barefield, Jr.**, whose name is signed to the foregoing Articles of Organization of NHS Associates, L.L.C., and who is known to me, acknowledged before me on this day that, being informed of the contents of said Articles of Organization, she executed the same voluntarily as of August 29, 1995.

Given under my hand this the 29th day of August, 1995.

Renee D. Thompson
Notary Public
My Commission Expires: Jan. 28, 1998

STATE OF ALABAMA)

JEFFERSON COUNTY)

I, the undersigned authority, a Notary Public in and for said County, in said State, hereby certify that **J. Frank Barefield, Jr.**, whose name as an Authorized Member of Investment Company of the South, L.L.C., an Alabama limited liability company, is signed to the foregoing Articles of Organization of NHS Associates, L.L.C. and who is known to me, acknowledged before me on this day that, being informed of the contents of said Articles, he, in his capacity as such Authorized Member and with full authority, executed the same voluntarily for and as the act of said limited liability company as of August 29, 1995.

Given under my hand this the 29th day of August, 1995.

Renee D. Thompson
Notary Public
My Commission Expires: Jan. 28, 1998

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