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B. F. SAUL REAL ESTATE INVESTMENT TRUST

Certificate of Amendment of
Declaration of Trust

It being the opinion of the Trustees of the B. F. Saul Real Estate Investment Trust that such actions are desirable and in the best interests of the Shareholders of the Trusts, it is,

"RESOLVED, that the Trustees hereby adopt, subject to the approval of the Shareholders in accordance with Section 11.1 of the Declaration of Trust as presently in effect, the following amendments to the Declaration of Trust:

- (1) Section 2.3 is amended by deleting the word "first" twice from the phrase "promissory notes secured by first mortgages or first deeds of trust on real estate" therein.
- (2) Section 2.13(a) is amended in its entirety to read as follows:

Section 2.13. The Trustees shall not:

(a) Invest more than five (5) percent of the Trust's gross assets in unimproved real property or mortgages thereon. Unimproved property included, among other things, vacant land, and agricultural or ranching land, but does not include land which is being developed or will be developed within a reasonable period. Agricultural or ranching land which is purchased at substantially its value for agricultural or ranching land and used as such shall not be regarded as unimproved property;

- (3) Sections 2.13(d) and (e) are deleted in their entirety and present subsections (f), (g), (h), (i), (j), (k), (l) and (m) of Section 2.13 are redesignated (d), (e), (f), (g), (h), (i), (j) and (k) respectively.
- (4) Present subsection (1) of Section 2.3 is amended in its entirety to read as follows:

(j) Issue warrants, options, or similar evidences of a right to buy its securities, other than to all the shareholders ratably, except in connection with (A) financing arrangements, including the acquisition of assets by the Trust, and (B) stock option or stock purchase plans for the benefit of the Trust's Trustees, officers and other employees.

- (5) Section 7.1. is amended by deleting the first full sentence thereof, the first word of the second sentence and capitalizing the first letter of the present second word in that sentence.
- (6) Section 7.2. is amended by adding the words "entitled thereto" after the word "shareholder" and before "at".

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