

Design Review Manual

For

Granada Estates

Hammock Dunes Private Community TM

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Prepared for:

Hammock Dunes Owners' Association, Inc.

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INTRODUCTION

The Declaration of Protective Covenants, Conditions and Restrictions for Hammock Dunes Private Community (Master Declaration) establishes a standing committee of the Hammock Dunes Owners' Association, Inc. (HOA), designated the Design Review Committee (DRC), whose function is to review and approve or disapprove plans for any proposed construction or alteration within Hammock Dunes Private Community. The Master Declaration has granted the DRC broad discretionary powers regarding design, construction and development including architectural style, colors, textures, materials, landscaping, overall impact on surrounding property, and other aesthetic concerns. This Design Review Manual is a portion of the Development Codes referenced by the Master Declaration and the Granada Estates Neighborhood Declaration. Capitalized terms in this document are as defined in the Master Declaration.

It is the intent of this manual to help assure that the Hammock Dunes Private Community will be a community of quality homes and buildings with tasteful and aesthetically pleasing architectural designs that are harmonious with surrounding structures and topography. This manual promotes the use of long-lasting materials, high construction standards, quality landscaping, and other site improvements that will reflect the quality and permanence of a premiere residential community. The manual pertains to all lots and common areas within Granada Estates.

The overall design theme within the Hammock Dunes Private Community, including Granada Estates, is a Mediterranean flavor and style that accentuates the colors, exterior design traits, and roof tiles of the most prestigious and traditional Mediterranean homes. The Architect should strive to reflect a pure and simple, yet elegant tone, to the design of the structure. Classical Mediterranean architecture lends itself to such an endeavor. A sense of timelessness should be incorporated into the design. Faddish or weak interpretations should be avoided. All new home construction and existing home alterations or additions must follow a design theme similar to the existing Hammock Dunes Private Community homes and landscapes.

IMPORTANT NOTE: The Neighborhood Declarations require that all construction be done by a DRC approved licensed general contractor with demonstrable experience in building custom homes. The DRC reserves the right to reject an application for construction on the basis of Builder qualification. The Owner is responsible for assuring that a qualified Builder is employed. Any questions regarding the qualifications of a Builder should be referred to the DRC. The DRC maintains a list of all pre-approved Hammock Dunes Builders for Lot Owner reference. Builders seeking addition to the list of Approved Builders are subject to the Review Fee on Exhibit 1.

THE LOT OWNER ULTIMATELY IS RESPONSIBLE TO ENSURE THAT THE RETAINED BUILDER MEETS THE REQUIREMENTS OF THIS MANUAL AND OTHER APPLICABLE DOCUMENTS.

This manual has been prepared by the DRC as a guideline for Owners, their Architects and Builders in designing New Homes (defined as the primary living structure, swimming pool and/or spa, or other structure) and remodeling Existing Homes (defined as the primary living structure, swimming pool and/or spa, or other structure that affects existing exterior architectural features,

foot print and/or square footage, or exterior appearance in any fashion). The manual **does not include** all building, use or other deed restrictions associated with the Master Declaration and the Declarations of the various neighborhoods of Hammock Dunes.

Each Lot Owner, their Architect and their Builder should be familiar with the provisions of the Master Declaration and other rules and regulations of the HOA as well as the Declaration of Protective Covenants, Conditions and Restrictions for the Granada Estates Neighborhood. The inclusion of any recommendation in this manual shall not preclude the right of DRC to disapprove any proposed submittal for any reason. All terms used in this manual shall be defined in accordance with definitions used in the Master Declaration.

Approval by the DRC does not constitute approval by any public permitting agency. Flagler County requires building permits for homebuilding which will necessitate compliance with local and state building codes.

THIS DESIGN REVIEW MANUAL IS A PORTION OF THE DEVELOPMENT CODES REFERENCED BY THE MASTER AND NEIGHBORHOOD DECLARATIONS AND MAY BE MODIFIED FROM TIME TO TIME BY THE DRC AS PROVIDED THEREIN. ALL LOT OWNERS ARE RESPONSIBLE TO BE AWARE OF ALL BUILDING REQUIREMENTS AT THE TIME OF POSSIBLE LOT SALE OR COMMENCEMENT OF THE DESIGN OF A HOME.

GENERAL INFORMATION AND THE REVIEW PROCESS

Lot Owners in the process of considering the design and construction of a New Home, swimming pool and/or spa, or other building, or the remodeling of an Existing Home, swimming pool and/or spa, or other improvement that affects existing exterior architectural features, foot print and/or square footage, or exterior appearance in any fashion in Granada Estates, shall submit to the DRC a Design Review Application (available from the DRC as Appendix A). The Design Review Application shall be the transmittal record of the submission and the DRC response to the submission.

Prior to any construction, a Lot Owner, their Architect and Builder must receive guidance from the DRC by following the three step design and construction review process below:

- A. Design Application and Concept Review
- B. Final Construction Plan Review
- C. Final Inspection and Acceptance

Often the DRC will make design suggestions between Step A and B as well as rendering a definitive acceptance/disapproval decision of design elements. The Lot Owner is encouraged to make this interaction a positive, constructive exchange, as many houses have already been built and the DRC has valuable advice to offer.

Full and timely submission of information, as well as adherence to the design standards set in this manual and by Flagler County permit requirements, may prevent delays and minimize frustration of all parties involved. Questions concerning the interpretation of any matter in this manual should be directed to the chairman of the DRC.

Design Application and Concept Review

A Builder or Lot Owner shall submit preliminary or conceptual drawings and specifications or other information to the DRC for Design Application and Concept Review prior to Final Construction Plan Review. Design Application and Concept Review is provided for the convenience of Lot Owners, their Architects and Builders in order that they may receive Conceptual Approval of building and landscape plans prior to preparing and submitting detailed plans and specifications.

The DRC will review the information and indicate its approval, disapproval or recommendation. A conceptual approval given by the DRC shall not constitute approval for the commencement of construction but only approval of the conceptual information being submitted. Submittals for Design Application and Concept Review of any New Home construction, including swimming pool, spa, or other building, or the or the Alteration or Addition to an existing home, swimming pool, spa, or other improvement that affects existing exterior architectural features, foot print and/or square footage or exterior appearance in any fashion, shall include at a minimum two (2) full size sets, plus one (1) reduced 11 inch by 17 inch hard copy and a pdf soft copy of the Concept Plans (C thru F below), which shall be designed by a Registered Florida Architect and a Registered Florida Landscape Architect.

The Concept Review submittal shall include the following:

- A. Design Review Application (Appendix A).
- B. Review Fee (per the schedule shown in Exhibit 1).
- C. Conceptual site plan showing the approximate location and dimension of all improvements. This plan should also show the relationship of proposed building(s) on adjacent properties.
- D. Concept floor plan.
- E. Concept exterior elevations.
- F. Concept landscape plans.
- G. Photographs of the site in its existing state taken from each corner of the home site.
- H. Such other information, data and drawings as may be reasonably requested by the DRC.
- I. Photographs of two (2) adjacent properties on either side from the curb.

Final Construction Plan Review

No construction of a building or structural improvement, no clearing, landscaping or other site improvement, and no alteration or addition to any existing structure or site improvement shall be made on any property until the plans and specifications showing the proposed design, nature, kind, shape, size, color, materials and location of same shall have been submitted to and shall have

received final approval by the DRC, and the Owner, Builder and HOA have signed an HOA Construction Agreement (available from the DRC as Appendix B).

Lot Owners and Builders requesting Final Construction Plan Review of an improvement shall submit sufficient exhibits to demonstrate compliance with the standards and requirements of this Design Review Manual. Construction must begin within six (6) months from date of final approval and must be completed within 24 months after construction commences. If construction is not commenced within six (6) months from the date of approval by the DRC, approval is void and the Builder or Owner must submit a new Final Construction Plan Review to the DRC for approval. If the approval is granted subject to conditions, the conditions shall be satisfied within sixty (60) days of issuance or the approval shall be void.

Submittals for Final Construction Plan Review of any New Home Construction including swimming pool, spa, or other building, or the or the Alteration or Addition to an existing home, swimming pool, spa, or other improvement that affects existing exterior architectural features, foot print and/or square footage or exterior appearance in any fashion, shall include at a minimum two (2) full size sets, plus one (1) reduced 11 inch by 17 inch hard copy and a pdf soft copy of the plans described in C through G below, which shall be designed by a Registered Florida Architect and a Registered Florida Landscape Architect.

The Final Construction Plan Review submittal shall include the following:

- A. HOA Construction Agreement (Appendix B).
- B. Associated deposits/commitments (per the construction deposit and commitment schedules shown on the following pages).
- C. Site plan at a minimum scale of 1" = 20' showing: a clearing and grading scheme with proposed and existing land contours, grades and flow of the site drainage system with relevant elevations shown; location and size of any trees having a diameter of three (3) inches or more proposed to be removed from the site; and the dimensions and locations of all buildings, access drives, parking, utilities (sewer, water, telephone, TV cable, etc.) street pavement location, and all other proposed improvements to the site.
- D. Landscape and Irrigation Plans: The conceptual landscape plan shall serve the purpose for starting construction of the residence. This plan shall establish the basis and commitment for the landscape intent for all elevations of the residence. The final landscape and irrigation plan shall be submitted at completion of the Framing/Structure milestone. This final plan shall refine the conceptual plan taking into account the natural vegetation remaining. The final plans shall be at a minimum scale of 1" = 20' showing: the size, type and location of existing and proposed tree locations; the location of all planting areas including existing plant materials incorporated into the plan; and the species and size of all stock at the time of planting. An irrigation plan must be included at this time.

- E. Plans at a minimum scale of 1/4" = 1'0" for all floors, cross sections and finish elevations including projections and wing walls (floor plans should also show total square feet of air conditioned living area).
- F. Plans, elevations, types of materials and other information associated with any other site improvement or ornamentation, including mail boxes, exterior lighting, walls, fencing and screening, patios, decks, pools, porches, other improvements and signage.
- G. Samples and color chips of all exterior finishes and materials to be incorporated into the plan and such other information, data and drawings that DRC may request.

The Builder or Owner shall have the corners of the proposed Home, swimming pool, spa, or other improvement or proposed Alteration or Addition improvements staked, and trees slated for preservation marked for an on-site review by the DRC prior to review of the application by the DRC.

If, after completion of the initial New or Alteration or Addition construction proposal, a Builder or Owner desires final approval for an alteration or addition to the original request, sufficient information shall be submitted to the DRC to allow full understanding of the proposed alteration or addition. Such information could be as simple as a letter with a material sample or picture or as complex as the above-stated submittals.

Final Inspection and Acceptance

Construction must be completed within the milestone times specified by the Builder in the HOA Construction Agreement (Appendix B), with the start date designated on the issuance date of a building permit. **The DRC shall have the right to enter upon and inspect any property at any reasonable time before, during, or after the completion of work for which approval is required under this manual.** The following construction milestones describe the Builder's responsibility to notify the DRC and the DRC's responsibility to the Builder:

- A. Upon completion of the foundation, the Builder shall submit a survey of the foundation to the DRC.
- B. The Builder shall notify the DRC of any changes in the dates of the following completion milestone dates as specified in the HOA Construction Agreement (Appendix B):
 - 1. Lot Clearing/Demolition/Foundation: plumbing roughed in & slab poured.
 - 2. Framing/Structure: exterior walls, roof trusses, roofing dry-in, windows & doors.
 - 3. Outside & Inside Finishes: electric, plumbing, drywall, cabinetry, roof tile, paint.
 - 4. Driveway & Landscaping: ready for Certificate of Occupancy.
 - 5. Certificate of Occupancy: ready for move-in.

- C. Upon completion of construction, the Builder shall give written notice to the DRC. Attached to the notice shall be a final survey and a copy of the Certificate of Occupancy for the newly constructed residence and/or improvement.
- D. After DRC's "Final Inspection and Acceptance" of the construction and/or improvements and provided that such inspection determines that the construction and/or improvements were completed in substantial compliance with the proposed plans and specifications submitted for Final Approval, the DRC shall return the Construction Deposit, less amounts withheld for any reason specified in the Construction Agreement (Appendix B).

Builders and Lot Owners are forewarned that the Master Declaration has granted to the DRC and the Board of Directors of the HOA broad discretionary powers regarding the remedy or removal of any non-complying improvement constructed within Hammock Dunes and/or penalties associated with exceeding the specified dates in the HOA Construction Agreement (Appendix B). In this regard, should the DRC find any construction and/or improvement was not performed or constructed in substantial compliance with the approved submittals, the Board of Directors of the HOA or the DRC may, after reasonable notice to the Builder or Lot Owner, remedy or remove the non-complying improvement and seek any remedy permitted as outlined in the Construction Agreement (Appendix B) or as otherwise permitted by law. Any action by the DRC or HOA in remedying or removing the non-compliant improvement shall not be deemed a trespass, theft or any other criminal offense, and the Lot Owner, Builder and any successors, agents or assignees thereof shall not hold the DRC, the HOA, its agents, or the Board of Directors liable for such remedy or removal.

The DRC recognizes that weather and the availability of building materials and labor may adversely impact the milestone dates specified in the HOA Construction Agreement (Appendix B). In such an event, Builders shall notify well in advance any potential design or construction issues, which could adversely impact these dates. There is a need to be aware of, understand and gage the impact of any construction completion delay upon neighbors and the overall Hammock Dunes community. Builder completion delay notifications to the DRC shall include reasons for the delay along with a revised milestone completion schedule. Builders should understand that a timely notification of milestone and/or timeline delays associated with completion of a home, alteration or addition should reflect more favorably than any last minute or no notification.

REVIEW FEES, CONSTRUCTION DEPOSIT, DEPOSIT, IRREVOCABLE LETTER OF CREDIT, CONSTRUCTION LOAN COMMITMENT

Plans submitted to the DRC for Design Application and Concept Review or Final Construction Plan Review shall include the appropriate **Review Fee** as listed in Exhibit 1. **The Fees are: (1) Construction of a New Home, \$3000 or (2) Remodeling of a Finished Home, \$500 for a Major Alteration or Addition, \$250 for a Minor Alteration or Addition, and No Fee for a Minor Improvement.** The Design Review Application (available from the DRC as Appendix A) shall be used as a transmittal record of the submission and the DRC response to the submission.

On all New, Alteration or Addition Construction, the Owner and Builder shall enter into the attached HOA Construction Agreement (Appendix B) with the HOA. **Under this agreement, the Builder must submit to the DRC a Construction Deposit and one of the following: Cash Deposit, Irrevocable Letter of Credit, or Construction Loan Commitment.**

Construction Deposit – Per Exhibit 1, the Builder shall deposit ten thousand dollars (\$10,000) for New Construction or five thousand dollars (\$5,000) for a Major Alteration or Addition with the DRC, to be held by the DRC in an interest bearing account until the improvements are complete and the DRC performs its Final Inspection and Acceptance. The interest accrued by the deposit shall be remitted to the HOA as consideration for holding the funds in escrow.

In the event the DRC finds the need to utilize these funds for any of the purposes enumerated below, the DRC shall, except in an emergency, give the Builder two (2) business days within which to begin to correct the problem. If the action is not begun within that time, the DRC is authorized to remedy the situation and withdraw funds from the Construction Deposit and/or the Letter of Credit to cover any expenses. The Builder must replace any funds withdrawn from the construction deposit within five (5) business days of notification of the withdrawal by the DRC.

The construction deposit may be used to offset any costs incurred by the HOA or the DRC to:

- A. Repair damage to any property caused by the Builder or their subcontractors, suppliers and representatives during construction;
- B. Pay for any cleanup of the site and adjacent property not performed by the Builder;
- C. Bring the home site and any structures thereon into compliance with the requirements of the Master and Neighborhood Declarations and the Design Review Manual;
- D. Recover legal fees and other costs incurred by DRC in order to correct any construction or alteration not performed in substantial compliance with the plans receiving Final Approval;
- E. Comply with the terms of the Construction Agreement Appendix B).

Cash Deposit, Irrevocable Letter of Credit and Construction Loan Commitment – To verify adequate funds are available to complete the proposed construction, for each New Construction or Major Alteration or Addition, the Builder shall also provide one of the three (3) following requirements contemporaneous with signing the HOA Construction Agreement:

1. **Cash Deposit** - The Builder may deposit with the HOA escrow agent the sum of one hundred thousand dollars (\$100,000) for New Construction or ten percent (10%) of the proposed cost of Major Alteration or Addition Construction, not to exceed one hundred thousand dollars (\$100,000), into an interest-bearing account. Any accruing interest will be added to the deposit and disbursed in accordance with the escrow agreement. The escrow agent may deduct administrative expenses pursuant to the escrow agreement prior to making any disbursement under the agreement.

2. **Irrevocable Letter of Credit** - Submit an Irrevocable Letter of Credit in the amount of one hundred thousand dollars (\$100,000) for New Construction or ten percent (10%) of the proposed cost of Major Alteration or Addition Construction, not to exceed one hundred thousand dollars (\$100,000), to be held by the DRC until all requirements of this agreement, including Final Inspection and Acceptance, are complete. A sample of an Irrevocable Letter of Credit is attached (Appendix C).
3. **Construction Loan Commitment** - Provide to the DRC an original copy of the construction loan commitment from an institutional lender. The institutional lender and the form of the construction loan commitment are subject to review and approval of the DRC. The construction loan commitment shall be for the applicable residence only.

BUILDER CONDUCT

All Owners and Builders shall be held responsible for the acts of their subcontractors, sub-subcontractors, material men, suppliers, laborers, or agents of any tier, or their respective employees and any other persons or parties involved in the construction or alteration of a home site. In this regard, a Builder and Lot Owner shall be responsible for the following:

- A. Ensuring that the construction site is kept clean and free of all debris and waste materials, and that stockpiles of unused materials are kept in a neat and orderly fashion. Maintenance of dumpsters and portable toilets on site is required. There shall be no burning.
- B. Prohibiting the consumption of alcoholic beverages, illegal drugs or other intoxicants that could hamper the safety or well-being of other personnel on the site or affect the quality of workmanship.
- C. Assuring that all Builder subcontractors, sub-subcontractors, material men, suppliers, laborers, or agents of any tier and their respective employees are properly insured.
- D. Assuring that all Builder subcontractors, sub-subcontractors, material men, suppliers, laborers, or agents of any tier and their respective employees do not commit any violations of the covenants, restrictions, rules and regulations of the HOA or the DRC.
- E. Limiting working hours for construction personnel to 7:00 a.m. to 7:00 p.m. Monday through Friday and 8:00 a.m. to 5:00 p.m. on Saturdays. No construction work will be allowed on Sundays. Exceptions to this rule may be allowed by the DRC/HOA under special circumstances and only with prior written authorization.
- F. Prohibiting construction personnel from having pets within Hammock Dunes Private Community.
- G. Maintaining portable toilets at the construction site.

- H. Prohibiting the playing of music or other sounds from non-construction activities which can be heard on adjoining property.
- I. Prohibiting use of adjacent property for access or storage of material or equipment. If this becomes a problem, the DRC should be contacted for assistance.
- J. Limiting all Builder subcontractors, sub-subcontractors, material men, suppliers, laborers, or agents of any tier and their respective employees to construction related activities at the designated site only. (NO FISHING, TOURING, ETC.)
- K. Ensuring Builder's employees, subcontractors and suppliers use only designated construction access routes as described by the DRC.
- L. Assuring that employee, subcontractor, supplier or construction vehicles do not limit or hinder access to the street or cul-de-sac or adjacent property driveways.

Violations of these rules may result in penalties imposed per the HOA Construction Agreement (Appendix B).

APPEAL

If an application for Concept Review or Final Review has been denied, if an approval is subject to conditions which the Owner feels are harsh or unwarranted, or if there are disputes on any other matter related to actions of the DRC, the Owner may request a hearing before the full committee of the DRC within 10 days after the Owner receives notification from the DRC's decision. At the hearing the Owner will be permitted to present their position on the matter and make requests or recommendations as to an alternative action. After the hearing the DRC will review the information presented and notify the party of its final decision on the matter. The decision of the DRC shall be final.

GENERAL SUBDIVISION STANDARDS

Residential Use

The home sites may be used for residential housing purposes and for no other purposes. No business, occupation, or profession may be conducted on a home site or within a dwelling unit except for those rights reserved to the Declarant, its successors, designees and assignees as set forth in the Master Declaration and Neighborhood Declarations.

Temporary Improvements

No temporary building or structure shall be permitted on any home site except that trailers, temporary buildings, barricades, temporary power poles and the like may be permitted during the

construction of a permanent improvement, and provided that the DRC shall have approved the design, appearance, and location of the same. All such temporary improvements shall be placed on the home site and not on the road right-of-way. They shall be removed no later than fourteen (14) days after the date of completion of the building(s) for which the temporary structure was intended, and shall be permitted for no longer than a period of six (6) months unless an extension of time is granted in writing by the DRC.

Accessory Structures

No more than one detached single-family residential dwelling shall be erected on a home site. The DRC may approve accessory structures (such as garages, gazebos, guest houses, servant quarters, and the like) that are detached from a main residential dwelling so long as they are not erected prior to construction of the main residential dwelling and are not intended to be held for lease.

Utility Service

No lines, wires or other devices for communications purposes, including telephone, television, data and radio signals, or for transmission of electric current or energy shall be constructed or placed on any home site unless the same shall be in or by conduits or cables constructed, placed and maintained underground or concealed in, under or on buildings, or other approved improvements. Above ground electrical transformers and/or generators and other equipment may be permitted if properly screened and approved by the DRC. In addition, all propane, water, sewer, oil and other pipes for gas or liquid transmission, and their storage tanks, shall also be placed underground or within or under buildings. Nothing herein shall be deemed to forbid the erection and use of temporary power or telephone services incident to the construction of approved improvements.

Refuse and Storage Areas

Garbage and refuse shall be placed in containers and shall be capped and contained in such a manner that they are inaccessible to animals. The containers shall be concealed within buildings, by means of a screening wall of the same material, design scheme and color as that of the building and by opaque landscaping sufficient to provide a permanent screen from view of surrounding property. These elements shall be integrated with the building plan, be designed so as not to attract attention, and shall be in an inconspicuous location.

SITE IMPROVEMENTS STANDARDS

In addition to compliance with this Design Review Manual and the covenants, restrictions, rules and regulations of the HOA, all construction, alterations and improvements shall be in compliance with any local government or state laws. In the event that there is conflict between the local government requirements, state requirements, and those of the HOA, the more restrictive shall apply.

Site Placement

All buildings and other improvements shall be placed as approved by the DRC. The existing topography and landscape shall be disturbed as little as possible, such that the maximum number of desirable trees and other natural features will be preserved. The DRC will review the proposed location of all improvements on the site prior to lot clearing.

Building Setbacks

The building setbacks, as illustrated in Exhibit 2, shall be used for the proposed home site. Minimum building setback lines (including eaves and overhangs) shall be thirty (30) feet to the front homesite line (edge of street right-of-way), twenty (20) feet from the side homesite line, and twenty (20) feet from the rear homesite line. Where a side home site line is adjacent to a street, the minimum building side setback line adjacent to the street shall be forty (40) feet. Where a rear or side setback is adjacent to the golf course, lake or marsh, the minimum setback shall be increased by thirty (30) additional feet.

The DRC may grant an exception from the above minimum setbacks to save existing trees or in a case where a home site would be rendered not buildable due to its size, shape or topography. To insure proper neighborhood access, the direction in which the front elevation of any dwelling unit shall face on a home site shall be approved by the DRC.

The DRC cannot grant a property owner rights to water views beyond the extension of their own property line.

Binding of Home Sites

An Owner of two or more adjoining lots may make application to combine platted lots into a larger home site. In order for the DRC to properly evaluate the request, a Concept Plan shall be submitted illustrating the existing and proposed home site configurations. A second plan shall be submitted illustrating proposed residence(s), drives, and other major site development components. The following criteria shall be applied in the design of a home site on combine platted lots:

- A. The building envelope shall not exceed the combined setbacks and or combined building envelopes.
- B. No home site can be created from less than the originally surveyed lot.
- C. All HOA assessments, fees and charges per the original lot configurations shall apply.
- D. Approval by the DRC does not constitute approval by any public permitting agency. Flagler County requires building permits for homebuilding, which will necessitate compliance with local and state building codes.

Driveways

Parking spaces, garages, curb cuts and the driveway to a garage shall be planned and executed in an attractive and functional manner and shall consider the location of existing trees, topography, streetscape and be compatible with surrounding improvements.

All home sites shall have a paved driveway of stable and permanent construction of at least twelve (12) feet in width. Unless prior approval is obtained from the DRC, all driveways must be constructed of brick, concrete, stone or similar material. When curbs are required to be broken for driveway entrances, the curb shall be repaired in an orderly fashion in such a way as to be acceptable to the DRC.

All concrete driveways shall have a light broom finish and joints shall be provided to prevent surface cracking.

Any subsequent modification to driveways, including paving and/or change of material or finish, must be approved by the DRC.

Street Front Improvements

The Builder shall maintain street trees, landscaping and irrigation within the portion of the road right-of-way between the home site and edge of pavement. This area of landscaping shall be defined by extending the side lot lines to the street. The DRC shall review the landscape and site plan to check that street tree spacing and landscaping is consistent with neighboring home sites and the street right-of-way

Street trees shall be Southern Magnolia, Live Oak or Laurel Oak, 14 to 16 feet in height, 7 to 8 feet in spread, 3 ½ to 4 inch caliper trunk with 6 to 7 feet of clear trunk. Alternative species may be considered. Trees shall equal or exceed the standards for Florida No. 1, as given in "Grades and Standards for Nursery Plants" Parts I and II State of Florida Department of Agriculture and any amendments thereto.

Sod shall be St. Augustine grass (*Stenotaphrum secundatum* 'Floritam' is recommended) or Empire Zoysia (*Zoysia Tenuifolium* is recommended) unless otherwise approved by the DRC. The sodded area of the homesite shall be provided with an automatic underground irrigation system.

Upon development of the home site, the Builder or Owner shall be responsible for maintaining the street trees, sod and landscaping in an acceptable manner to the edge of pavement, including plantings and irrigation within the road right-of-way.

Upon written request by the Owner or Builder, the Hammock Dunes Owners Association, Inc. will remove any of its irrigation heads in the road right-of-way during construction on the home site.

Drainage and Grading

Special attention shall be given to proper site surface drainage so that surface waters will not interfere with surrounding home sites and natural drainage flows. Paved areas shall be designed to allow surface water to drain naturally and to prevent water from collecting or standing.

Erosion control measures shall be taken during all construction activities to prevent sediments from leaving the site. Fill shall not be deposited or removed without DRC permission.

Site plans shall show physical improvements or elements of the landscape or terrain which control or determine the location or flow of surface water and drainage patterns. No improvements shall be made without prior approval of the DRC.

Direct discharge of stormwater into lakes or marshes is prohibited. All storm water must be pre-treated by on-site retention or detention.

Games and Play Structures

All basketball backboards and any other fixed games and play structures are subject to approval by the DRC and shall be located at the side or rear of the building not visible from the street, or on the inside portion of the corner home sites within setback lines, or in a manner that detracts from views of water from neighboring home sites. The DRC cannot grant a property owner rights to water views beyond the extension of their own property line into the waterway. Tree houses or platforms of a like kind or nature shall not be constructed unless approved by the DRC.

Swimming Pools and Other Improvements

Any swimming pool or other improvement to be constructed upon any home site must be approved by the DRC. The design submittal must include all design components including materials, finishes and colors for the pool, pool deck, fence, additional landscape, pool equipment or any other requested element. The design must incorporate, at a minimum, the following:

- A. Swimming pools, water features, pool cages/screening and/or other improvement fencing shall not be visible from the street from the front of the dwelling unit.
- B. Swimming pool enclosures or other improvement fencing on lots adjacent to the golf course shall be set back a minimum of thirty (30) feet from the edge of the golf course.
- C. The composition of the material must be thoroughly tested and accepted by the industry for such construction.
- D. Pool cages, screens and fencing must be of a color and material approved by the DRC. Bronze, black or white are the approved colors for these materials.

Signs

No sign, advertising or notice whatsoever (including, but not limited to, commercial, political or similar signs) shall be erected or maintained on the home site except such signs as may be required by law and such signs as may be approved by the DRC.

Lighting

All exterior lighting shall be limited to the minimum necessary for safety, identification, and decoration. Exterior lighting of buildings for security and/or decoration shall be limited to concealed up lighting or down lighting and the style and type of lighting shall not be visible from streets and other common areas and no color lens or lamps are permitted. No lighting of outdoor recreational facilities, except swimming pools and/or spas, is permitted, unless site conditions warrant special consideration by the DRC.

Fences and Walls

Where fences or walls are required (six foot height maximum), the location shall be off the property line and buffered to adjacent property with preservation of existing vegetation or landscape plantings. Fences shall be aluminum picket, wrought iron or composite material that provides quality and permanence for a premier residential community. Walls or fence support columns shall reflect the design of the main residence by use of similar materials, finishes and colors. In general, fences or walls are not encouraged within the Hammock Dunes Private Community. Hedges, berms, or other landscape alternatives are preferred. Fences shall not enclose or define property lines of individual homes.

Mail Boxes

All mail boxes and stands shall be of a design selected from a list of mailbox styles and suppliers approved by the DRC. The mail boxes shall include no more than the surname and house number of the resident and shall be located at the street front of each home site as prescribed by the United States Postal Service. The Builder shall initially provide and install a mailbox as approved by the DRC, and the homeowner shall maintain the DRC approved mailbox.

Lawn Furnishings

No water fountains, bird baths, frog ponds, flag poles, lawn sculpture, artificial plants, bird houses, rock gardens, or similar types of accessories and lawn furnishings are permitted on any home site without prior approval of the DRC.

BUILDING CONSTRUCTION STANDARDS

The overall design theme within the Hammock Dunes Private Community, including Granada Estates, is a Mediterranean flavor and style that accentuates the colors, exterior design traits, and

roof tiles of the most prestigious and traditional Mediterranean homes. The Architect should strive to reflect a pure and simple, yet elegant tone, to the design of the structure. Classical Mediterranean architecture lends itself to such an endeavor. A sense of timelessness should be incorporated into the design. Faddish or weak interpretations should be avoided. All new home construction and existing home alterations or additions must follow a design theme similar to the existing Hammock Dunes Private Community homes and landscape.

Minimum Building Size

The minimum square feet of enclosed air conditioned living area required for main residential dwelling structures within Granada Estates shall be no less than 2,500 square feet.

The method of determining the square footage of the enclosed air conditioned living area of a dwelling unit, structure, or addition thereto, shall be to multiply together the horizontal dimensions of the walls forming the outer boundaries of the air conditioned living area. Open porches, atriums, screened-in patios, courtyard, garages and other similar type space shall not be taken into account in calculating the minimum enclosed air conditioned living area square footage.

Minimum Floor Finish Elevation

All buildings shall have a minimum floor finish elevation equal to or greater than one (1) foot above the one hundred year flood elevation as determined by the most current FEMA maps.

Lot Owners, Architects and Builders are hereby notified that the minimum elevation does not guarantee desired visibility of the ocean and other amenities. A site review should be done by the owner to understand and achieve the desired view.

Building Heights

The maximum height of the building shall be thirty-five feet (35') from the minimum floor finish elevation, i.e. one foot above the FEMA 100 year flood elevation. Any design of residential elements over two stories will be subject to DRC review for compatibility with the neighborhood.

Multi Story

Two story submittals shall have additional architectural requirements on side and rear elevations, which may not apply to single story submittals. Two story structures have a stronger impact on the community as the landscaping does little to buffer weak architectural facades.

Exterior Materials

Finish colors shall be applied consistently to all sides of the building exteriors. Recommended materials shall be stucco or similar cement type products of neutral tones. Brick, stone and ceramic tile may be used as accents. No simulated brick or stone shall be permitted. Metal or vinyl siding is prohibited. Sample materials may be requested by the DRC for review.

Exterior finish materials are expected to be of the very highest quality. Any stucco or other cement type products shall be applied so as to eliminate "bleed through" of the supporting structure. All materials proposed for exterior use shall be approved prior to construction. Elastomeric paint is recommended.

Windows and Doors

Highest quality windows and doors are required. Metal clad windows are acceptable provided they are finished in a factory-applied color and the color matches the exterior trim. Aluminum awnings and jalousie-type windows are not permitted. Use of reflective tinted treatments and/or reflective glass is strongly discouraged. Homeowners are encouraged to use impact resistant glass in any window facing landing areas along golf course fairways.

Window shutters must be sized to match window openings and mounted to appear operational. They must also follow the guidelines for exterior trim and decorating concerning materials and colors.

Exterior Trim, Banding and Decoration

Exterior Trim, Banding and Decoration are required. The color of the trim must be differentiated from the body of the home. All materials proposed for exterior trim, banding and decoration must be approved by the DRC prior to construction.

Exterior window and door trim and similar decorations shall all be of the same color and material, unless otherwise approved, and shall be either of the same material as exterior walls or directly compatible. The preferred material for trim and decorations is stone, ceramic tile, smooth stucco, and stained or painted wood. Metal or vinyl siding is prohibited.

Fascia, gutters and downspouts shall blend in and be directly compatible with the architectural detail of the exterior walls.

Exterior Colors

Exterior Colors shall be indicated on Design Review Application (Appendix A) and approved by the DRC. Samples and/or color chips of all exterior colors may be requested by the DRC for review. Any changes in exterior colors made in future repaintings shall be regarded as a "Minor Alteration or Addition" subject to approval by the DRC.

The color palate for Granada Estates is subdued earth tones and subtle pastels. It is important to differentiate the color of the trim from the body of the home.

Drapes, Curtains and Shutters

As viewed from the exterior, the colors of any drape, curtain, shutter or any other similar element shall be compatible in color and style with the exterior of the building.

Roofs

Flat roofs shall not be permitted on any portion of the structure provided that the DRC shall have discretion to approve such roofs if consistent with the architectural design of the house. No built-up roofs shall be permitted, except on approved flat surfaces. The composition of all pitched roofs is required to be terra cotta barrel, slate, or concrete tile. Roof pitches must be a minimum of 5/12 slope.

Chimneys

Any exposed portion of a chimney outside of the building shall be constructed solely of brick, stone or stucco. If the fireplace is a metal (self-insulated) type with a metal spark arrestor at the top of the chimney, the arrestor must have a cowl or surround of a material and color approved in advance in writing by the DRC. The chimney cap must be painted the same color as the roof of the tile or the home color. No unpainted aluminum may be left exposed.

Garages

All residential dwellings shall include a garage adequate to house at least two (2), but not more than four (4), large-sized automobiles with a minimum floor space allocation for each automobile of not less than eleven (11) feet in width and twenty two (22) feet in length. No garage shall be less than four hundred eighty-four (484) square feet of total floor space for automobiles, not including space required for hot water heaters and HVAC equipment or other equipment and appliances commonly located in garages.

All garages shall be constructed of the same exterior materials and colors as the main structure. All garage doors (except service doors) shall be a minimum width of eight (8) feet for each automobile and operated by automatic door openers. Whenever possible, garage doors and service doors shall be located so they do not face the street. When garage doors face the side home site line, a twenty six (26) foot turnaround space and screening from view by landscaping is required.

Garage doors shall be constructed of a material that is similar in appearance to the exterior materials of the buildings, and the color of the garage doors shall be compatible with the color of other exterior finishes of the building. Screened garage doors are prohibited on any garage facing the street. Garage doors, automatic door openers and service doors shall be maintained in working condition and shall be kept closed when not in use.

No garage shall be converted to other usage without the substitution of another garage. No carports shall be permitted.

Water Conserving Bathroom Fixtures

Water closets shall be water conserving (low volume) models and all faucets and showers shall have flow restrictors.

Energy Efficiency

All homes shall meet or exceed Florida's Energy Efficiency Code for Building Construction. All plans and specifications submitted for final approval shall include evidence of compliance with this provision.

Appurtenances

All exterior mechanical equipment, including but not limited to transformers, all generators, vents, air conditioning compressors, pool pumps, meters, etc., shall be concealed from view by walls of the same material, design scheme and color as that of the building and by opaque landscaping sufficient to provide a permanent screen from view of surrounding property. Walls shall be either attached to the home structure or no more than six (6) inches from the home structure.

Solar Energy

Solar energy collectors, although allowed by Florida statutes, shall be submitted to DRC for review for type, kind, color and location only. The community desires to encourage owners to make every effort possible to aesthetically integrate the panels into the structure of the home so as to minimize views from the streets.

Hurricane Shutters

Hurricane shutter installations must be reviewed and approved by the DRC. Shutter usage is subject to the following suggested operational criteria: Close no earlier than the official hurricane watch and open or take down within seventy-two (72) hours after the official watch is lifted.

Satellite Dishes

No satellite dish greater than one meter (39") for transmission or reception of television signals or any other form of electromagnetic radiation shall be erected where visible from the street. Satellite dishes one meter (39") or less may be placed on a lot, but advance notice to the DRC as to location, color, and screening is required. The DRC will work with the owner on a design installation that is minimally visible without interrupting the signal or without significantly increasing the cost of the installation. Satellite dishes one meter (39") or less should also be situated to minimize visibility from the adjacent property, or may be required to be painted to match the residence.

Window Air Conditioning Units

No window air conditioning units shall be permitted where visible from the street or any adjoining property.

LANDSCAPING AND OPEN SPACES STANDARDS

General

Any home site that is altered from its natural state, must be landscaped according to plans approved by the DRC. All shrubs, trees, grass, and plantings of every kind must be well maintained, properly cultivated and free of trash and other unsightly material. Landscaping, as approved by the DRC, shall be complete at the time a home is ready to obtain a Certificate of Occupancy.

Landscaping Plan

A basic landscaping plan for each home site must be designed by a registered Landscape Architect and must be submitted to and approved by the DRC. The objective of the landscaping plan should be to provide landscaping around each home consistent with the high standards of design which this Design Review Manual promotes.

Incorporation of existing vegetation on the site into the landscaping plan is strongly encouraged. Existing trees intended to be removed should be shown and may not be removed without the prior approval of the DRC and Flagler County, if necessary.

Lakeside Landscaping

The landscape plan shall adhere to the following criteria for lakeside landscaping:

- A. No more than fifty (50) percent of the area shall be planted in sod.
- B. Terraced steps or walkways leading to the water are permitted. Appropriate landscape shall be required along such walkways. Lighting of these areas shall be subdued and should otherwise comply with the lighting requirements specified herein.
- C. Established lake or marsh littoral zones shall not be disturbed.
- D. Lake Slope: For ease of maintenance, the slope from the lake edge to the finish grade of the homesite shall never exceed a 4 to 1 slope. In some situations, special landscaping terracing may be necessary to achieve this requirement.
- E. The Owner must obtain any necessary approvals from Flagler County or the St. Johns River Water Management District.

Trees

In order that the natural beauty of the home site may be preserved, no living tree having a diameter of three (3) inches or more, as measured four (4) feet from the natural grade, shall be destroyed or removed from the property unless approved by the DRC and Flagler County, if necessary, in connection with its approval of the plans and specifications for the construction of improvements

on the property. The Builder shall take special care during construction not to injure or destroy trees or tree root systems by using protective barriers to keep equipment away from trees.

Shade trees shall not be planted in locations that would immediately or in the future create a nuisance, significantly shade a pool, or screen the view of an adjoining lot.

Sod

All areas within each home site not covered with pavement, buildings, shrubs or groundcover shall be completely sodded with either St. Augustine grass (*Stenotaphrum Secundatum* 'Floratum' is recommended) or Empire Zoysia (*Zoysia Tenuifolium* is recommended) unless otherwise approved by the DRC. All sodded areas shall be provided with an automatic underground irrigation system.

Mulch

All planting areas within each home site shall be covered and maintained with three (3) inches or more of pine or cypress mulch or other suitable material approved by the DRC. Organic materials are preferred, but crushed stone or other natural mulch material may be considered.

Plant Materials

Plant materials shall equal or exceed the standards for Florida No. 1, as given in "Grades and Standards for Nursery Plants" Part I and Part II State of Florida Department of Agriculture and any amendments thereto. All plant materials are subject to the review and approval of the DRC. Use of non-indigenous plants is not encouraged.

Irrigation

All landscaped areas shall be provided with an automatic underground irrigation system. Irrigation must be provided to the back of the curb of the adjacent street and to the shoreline of all portions of a lake, marsh, or other watercourse or to the edge of the golf course within the homesite landscape areas. The use of rain switches shall be incorporated into the design. All home sites must use the irrigation water source(s) provided for such use. Use of water from on-site wells, lakes or ponds for irrigation will not be permitted.

Fertilizers and Pesticides

Only biodegradable fertilizers and pesticides approved by the U.S. Environmental Protection Agency and the Florida Department of Environmental Regulation shall be used.

UPKEEP AND MAINTENANCE

A finished residence must be maintained in keeping with the quality homes in Hammock Dunes. This includes power washing of roofs, home exteriors and driveways, repainting of exteriors as necessary, trimming of shrubbery and trees, checking sprinklers and removal of dead vegetation.

EXHIBIT 1
DESIGN REVIEW COMMITTEE FEES & CONSTRUCTION DEPOSIT
REQUIREMENTS

New Home Construction

\$3000 Design Review Fee – Covers the normal process of evaluating concept architectural and landscape submittals and reviewing final plans that address DRC comments. Includes interim inspection of construction progress and final acceptance. Additional reviews or time spent outside the normal review and inspection process may be subject to \$150 per hour additional charge

\$10,000 Refundable Construction Deposit – Required before construction begins. See DRC Manual for specifics.

Major Alteration or Addition

\$500 Design Review Fee – Covers structural or site modifications after original construction that affects or alters the existing exterior architecture, foot print and or square footage, or exterior appearance in any fashion or warrants the issuance of a building permit by a governmental authority. Also covers additions of pools, screen enclosures and docks. Includes up to two hours of professional review, but an additional fee of \$150 per hour may be charged for overly complex submittals.

\$5000 Refundable Construction Deposit – Required before work begins. See DRC Manual for specifics.

Minor Alteration or Addition

\$250 Design Review Fee – Structural or site modifications of a relatively minor nature that do not require issuance of a building permit by a governmental authority. Also covers installation of coquina walls and landscape alterations. Includes up to one hour of professional review; however additional reviews or time spent outside the normal review and inspection process may be subject to \$150 per hour additional charge.

\$2500 Refundable Construction Deposit – Within the discretion of the DRC, this deposit may be required for installation of coquina walls. No deposit is required for other minor alterations.

Change To or Resubmission of Plans

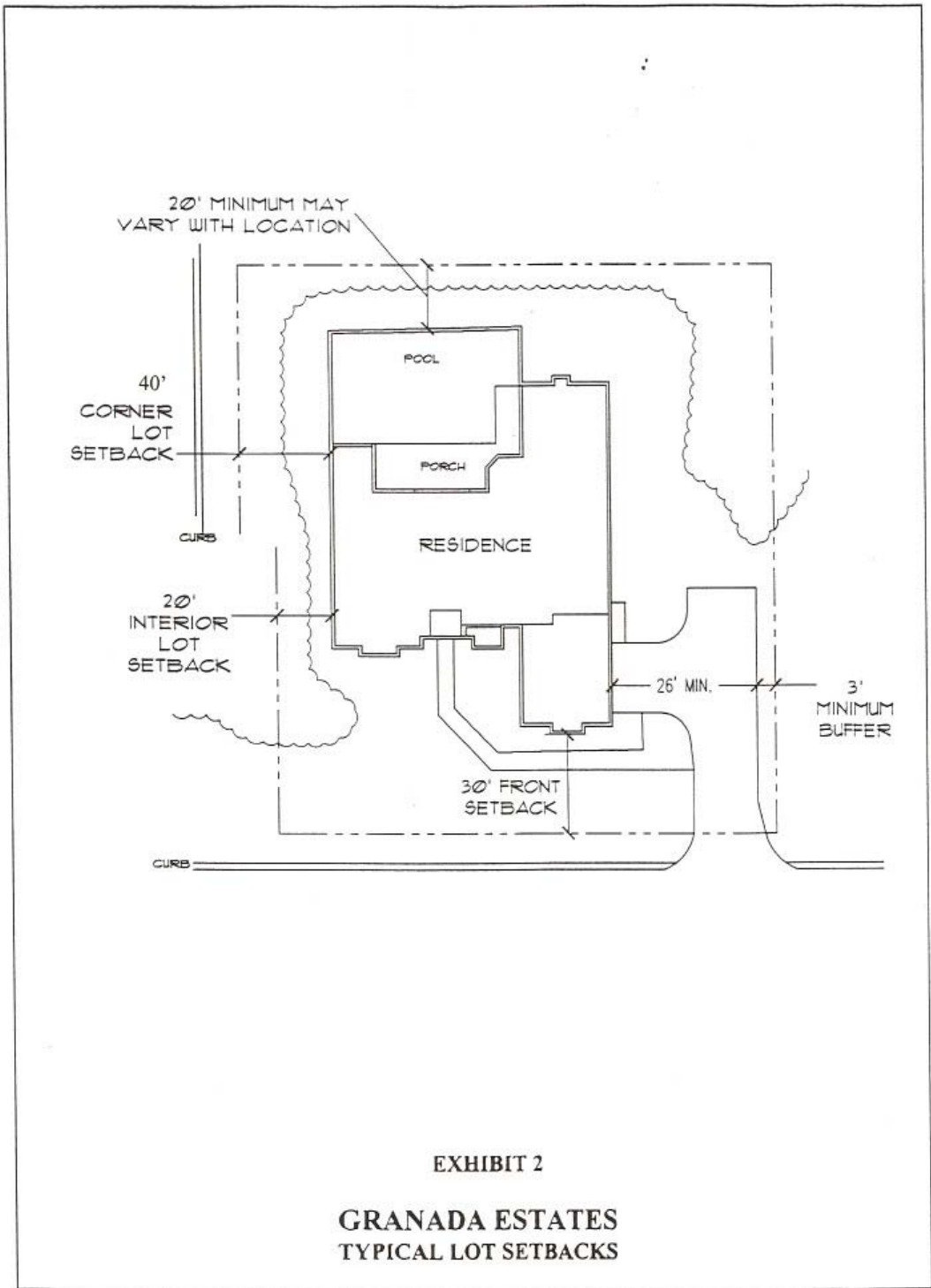
\$250 Design Review Fee – This deposit is required for re-submittals or any major change to the original approved plans during new home construction. (Note – An additional \$50 fee is required to retrieve prior construction plans)

No Fee

Minor improvements to an existing residence such as fence, pavers, solar panel, satellite dish, exterior paint color change, mailbox, etc. However, DRC approval is still required.

New Builder Approval

\$1000 Review Fee – One time fee to obtain general contractor approval to build in Hammock Dunes.



Travis Houk
Southern States Management Group
7 Florida Park Drive North, Suite C
Palm Coast, FL 32137
Office: 386-446-6333
Fax: 386-446-1830

**HAMMOCK DUNES PRIVATE COMMUNITY
DESIGN REVIEW COMMITTEE**

Design Review Application
(Appendix A)

FROM: _____

PHONE: _____

FOR: Street Address: _____

Customer Name: _____

TYPE: _____ Standard Model: _____ (Name)

_____ Custom Home _____ Home Addition

_____ Pool _____ Spa _____ Screen Enclosure

_____ Misc. (Fence, Paint, Satellite Dish, Pavers, etc.)

FEES: The Design Review Fee covers the normal review process of Design Application and Concept Review with comments back from Committee and Final Construction Plan Review with those comments being addressed. If comments are not addressed at Final Construction Plan Review or major revisions are required for Final Construction Plan approval an additional fee covering the direct costs of the Committee will be charged. Design Review fees are as follows:

_____	\$3,000	New Home Construction*
_____	\$500	Major Alteration or Addition to an existing residence*
_____	\$250	Minor Alteration or Addition to an existing residence*
_____	\$250	Changes to or Resubmission of Plans*
_____	\$1,000	New Builder review*

_____	\$50	Review of files for previous construction*
_____	No Fee	Fence, paint, satellite dish, pavers, other minor improvements

*** Notes:**

- 1) A \$10,000 refundable construction deposit is required with all New Home Construction submittals.
- 2) Non-compliance fees may be recovered from the \$10,000 refundable New Home Construction deposit, if necessary.
- 3) A \$5,000 refundable construction deposit is required with all Major Alteration or Addition submittals.
- 4) Non-compliance fees may be recovered from the \$5,000 refundable Major Alteration or Addition deposit, if necessary.
- 5) Review fees for New Home Construction and Major Alteration or Addition include Design Review Committee Review plus up to two (2) hours professional review.
- 6) Review fee for Minor Alteration or Addition includes Design Review Committee Review plus up to one (1) hours professional review.
- 7) All fees are subject to \$150.00 per hour additional charge – which ever is greater.
- 8) Submittals for review from existing residences for minor changes (paint color, mailbox, fence, solar collection system, etc.) shall not require a review fee.

CONSTRUCTION/ALTERATION/ADDITION MILESTONES: The Builder shall specify completion times (in months) for each new construction, alteration or addition milestone listed below. The Builder shall notify the DRC well in advance of any changes in these completion milestones:

Construction/Alteration/Addition Milestone	Completion Time (Months)
1a. Lot Clearing/Demolition/Foundation: plumbing roughed in & slab poured. (Granada/Island Estates & Villas)	
1b. Lot Clearing/Demolition/Foundation: Pilings and Grade Beams poured. (Grande Mer, Playa del Sur, Carino la Mer)	
2a. Framing/Structure: exterior walls, roof trusses, roofing dry-in, windows & doors. (Granada/Island Estates & Villas)	
2b. Framing/Structure: exterior walls, roof trusses, roofing dry-in, plumbing roughed in, windows & doors. (Grande Mer, Playa del Sur, Carino la Mer)	
3. Outside & Inside Finishes: electric, plumbing, drywall, cabinetry, roof tile, paint.	
4. Driveway & Landscaping: Ready for Certificate of Occupancy.	
4. Certificate of Occupancy: Ready for Buyer Move-in.	

DESIGN APPLICATION AND CONCEPT REVIEW: (All items required for review)

- _____ Design Review Application
- _____ Review Fee
- _____ Conceptual site plan** with location and dimension of all improvements, and relationship of proposed building(s) on adjacent properties
- _____ Concept floor plan**
- _____ Concept exterior elevations**
- _____ Concept landscape plan** with limits of vegetation to remain
- _____ Photographs of site in existing state from each corner of the home site

** **Note:** Include two (2) sets, plus one (1) reduced 11 inch by 17 inch hard copy and a pdf soft copy of the concept plans, designed by a Registered Florida Architect and a Registered Florida Landscape Architect.

FINAL CONSTRUCTION PLAN REVIEW: (All items required for review)

- _____ Site plan*** (2 sealed) with limits of vegetation to remain
- _____ Landscape and Irrigation Plans*** (1 sealed) submitted at completion of Framing/Structure milestone
- _____ Floor plan*** (2 sealed)
- _____ Exterior Elevations Plan*** (2 sealed)
- _____ Final color selections with color samples
- _____ Storm water design & calculations (Island Estates)
- _____ Deposit/Irrevocable letter of credit/construction loan
- _____ \$10,000 Deposit (New Home Construction)
- _____ \$5,000 Deposit (Major Alteration or Addition)

*** **Note:** Include two (2) sets, plus one (1) reduced 11 inch by 17 inch hard copy and a pdf soft copy of the plans, designed and sealed by a Registered Florida Architect and a Registered Florida Landscape Architect.

CONSTRUCTION START: (All items required for construction start)

_____ HOA Construction Agreement

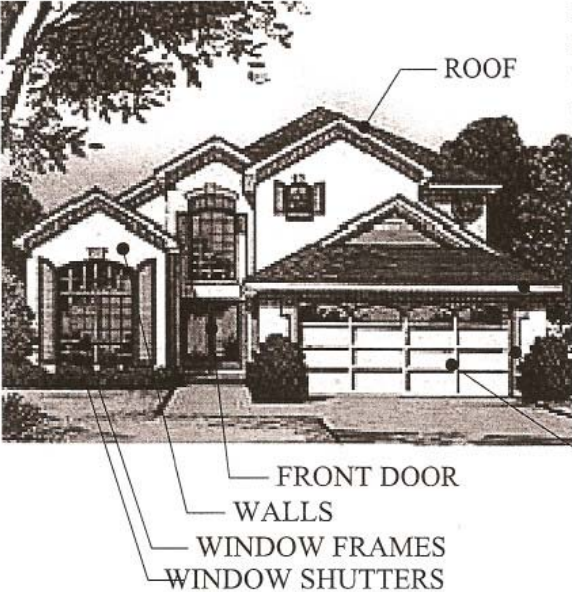
_____ Pre-Construction Meeting

FINAL INSPECTION AND ACCEPTANCE: (All items required for New Home Construction Final Inspection and Acceptance)

_____ Final survey

_____ Completion transmittal

_____ Certificate of Occupancy



EXTERIOR COLORS & MATERIALS

NOTE: SAMPLES and/or COLOR CHIPS OF ALL EXTERIOR FINISHES and MATERIALS MUST ACCOMPANY FINAL REVIEW SUBMITTAL.

<p>A: ROOF Color _____ Mfg _____ Material _____</p>	<p>E: GARAGE DOOR Color _____ Mfg _____ Material _____</p>
<p>B: FACIA Color _____ Mfg _____ Material _____</p>	<p>F: TRIM BANDING Color _____ Mfg _____ Material _____</p>
<p>C: SHUTTERS Color _____ Mfg _____ Material _____</p>	<p>G: WINDOW FRAMES Color _____ Mfg _____ Material _____</p>
<p>D: WALLS Color _____ Mfg _____ Material _____</p>	<p>H: FRONT DOOR(S) Color _____ Mfg _____ Material _____</p>
<p>OTHER: _____ Color _____ Mfg _____ Material _____</p>	<p>OTHER: _____ Color _____ Mfg _____ Material _____</p>

**HAMMOCK DUNES PRIVATE COMMUNITY
DESIGN REVIEW COMMITTEE**

HOA Construction Agreement
(Appendix B)

THIS AGREEMENT, made and entered into this _____ day of _____, 2____, by and between THE HAMMOCK DUNES OWNERS' ASSOCIATION, INC., (the "Association"), _____, the "Builder", and _____, the "Lot Owner."

WITNESSETH:

WHEREAS, the Association's Design Review Committee (DRC) has approved the plans and specifications for new construction or alteration or addition at the location identified as:

NOW THEREFORE, in consideration of the mutual promises made herein, the parties agree as follows:

1. The Association may from time to time inspect the construction site and monitor compliance with approved plans and specifications, as well as requirements specified in the Hammock Dunes Private Community Master Declaration, the Neighborhood Design Review Manual, all of which are incorporated herein by reference, and collectively referred to as the "Governing Documents."
2. Such inspections shall be performed for the benefit of the Association only, and not for the benefit of the owner of the above-described property, adjacent owners, or the Builder.
3. Subject to approval by the DRC, Builder shall specify completion dates for each new construction, alteration or addition milestone listed below and shall complete each milestone so specified. The Builder shall notify and obtain approval from the DRC well in advance of any changes in these completion milestone dates. Unless otherwise approved by the DRC and due to unforeseeable circumstances, the Certificate of Occupancy must be issued within 24 months after construction has commenced.

Construction/Alteration/Addition Milestone	Completion Date
1a. Lot Clearing/Demolition/Foundation: plumbing roughed in & slab poured. (Granada/Island Estates & Villas)	
1b. Lot Clearing/Demolition/Foundation: Pilings and Grade Beams poured. (Grande Mer, Playa del Sur, Carino la Mer)	
2a. Framing/Structure: exterior walls, roof trusses, roofing dry-in, windows & doors. (Granada/Island Estates & Villas)	
2b. Framing/Structure: exterior walls, roof trusses, roofing dry-in, plumbing roughed in, windows & doors. (Grande Mer, Playa del Sur, Carino la Mer)	
3. Outside & Inside Finishes: electric, plumbing, drywall, cabinetry, roof tile, paint.	
4. Driveway & Landscaping: Ready for Certificate of Occupancy.	
5. Certificate of Occupancy: Ready for Move-in.	

4. The Association may from time to time notify the Builder as to any discrepancies between the actual construction and the approved plans or if the Builder or construction deviates from the terms of the Governing Documents.
5. Upon written request from the Builder, the Association may perform a final inspection and report, noting either full compliance with the approved plans and specifications or specific discrepancies that must be corrected prior to final approval.
6. The Builder acknowledges that he has read all requirements specified in the Governing Documents and agrees to perform all site work and construction in conformance with these requirements, the approved plans and specifications, and approved changes thereto.
7. The Builder shall correct any deviations from the approved plans and specifications and other requirements as communicated from the Association or its designated representatives within the time prescribed by the Association.
8. As of the effective date of this Construction Agreement, the Lot's curb condition is as follows:

The Builder shall protect and maintain the above-described current condition of the Lot's curb and all adjoining property, including but not limited to common areas,

rights-of-way, streets, curbs, property monuments, and other private or community properties, from any damage as a result of the Builders' operations, or by any actions by the Builders' subcontractors, subsubcontractors, material men, suppliers, employees, or agents. If such damage occurs, the Builder shall, at the option of the Association:

- a. Restore all damaged property to its original state, completing corrective action within the time prescribed by the Association's notice of such damage, or
- b. Pay the owner of any property damaged by the Builder for all expenses entailed in the restoration of the damaged property to its former condition, or
- c. Provide such other remedies as may be allowed by Florida law.

The remedies in this paragraph are additional to any actions and remedies provided for by law for the adjoining owner.

9. The Builder shall install silt fencing around the construction perimeter.
10. The Builder shall, along with this Construction Agreement, submit a construction deposit of ten thousand dollars (\$10,000) for New Construction or five thousand dollars (\$5,000) for Major Alteration or Addition Construction.
 - a. The Builder forfeits to the Association all rights to the construction deposit if he fails to complete construction within 24 months after construction commences.
 - b. The Builder agrees that upon final approval by the DRC, the Association may refund any unused portion of the construction deposit to the Owner.
 - c. The Association, in its sole discretion, may withdraw funds from the construction deposit per the fining schedule attached as Exhibit A to this Construction Agreement in the event the Builder violates the terms of this Construction Agreement. The Association will provide the Builder with notice of its intent to withdraw funds to give the Builder the opportunity to correct the default. If the Builder does not correct the default within ten (10) days after receipt of the notice, Association will withdraw the funds and such funds must be replaced by the Builder within five (5) business days.
 - d. The construction deposit may be used to offset any costs incurred by the HOA or the DRC to:

- i. Repair damage to any property caused by the Builder or their subcontractors, suppliers and representatives during construction;
 - ii. Pay for any cleanup of the site and adjacent property not performed by the Builder;
 - iii. Bring the home site and any structures thereon into compliance with the requirements of the Master and Neighborhood Declarations and the Design Review Manual;
 - iv. Recover legal fees and other costs incurred by DRC in order to correct any construction or alteration not performed in substantial compliance with the plans receiving Final Approval
 - v. Recover any legal fees and other costs incurred to enforce any provision of the Master and Neighborhood Declarations and the Design Review Manual whether litigation is commenced or not.
11. The Builder shall also provide one of the three (3) following requirements prior to signing the Construction Agreement:
 - a. Deposit with the Association's escrow agent the sum of one hundred thousand dollars (\$100,000) for New Construction or ten percent (10%) of the proposed cost of Major Alteration or Addition Construction, not to exceed one hundred thousand dollars (\$100,000), to be held by the escrow agent until all requirements of this Agreement, including final inspection, have been completed; or
 - b. Submit an Irrevocable Letter of Credit, in the amount of one hundred thousand dollars (\$100,000) or ten percent (10%) of the proposed cost of Major Alteration or Addition Construction, not to exceed one hundred thousand dollars (\$100,000), to be held by the DRC until all requirements of this Agreement, including final inspection, have been completed; or
 - c. Provide to the DRC an original copy of the construction loan commitment from an institutional lender. The institutional lender and form of the construction loan commitment is subject to review and approval of the DRC.
12. The Association has the right, but not the obligation, to use the construction deposit, the cash deposit or irrevocable letter of credit to enter upon the Owner's lot and complete Construction upon Owner or Builder default of the terms of this Agreement or the Design Review Manual.

13. The Builder shall make a written request for interim and final inspections from the Association as require by the Design Review Manual and shall be subject to compliance as noted above.
14. This Agreement shall be binding on the Builder, his subcontractors, subsubcontractors, material men, agents, employees, suppliers, successors and assigns, and, as between the Association and the Builder, the Builder shall be liable for the acts or omissions of itself and all such other parties.
15. Builder shall indemnify and hold harmless the Association, its officers, directors, agents and employees from and against claims, damages, losses and expenses, including but not limited to attorneys' fees, arising out of, in whole or in part, any act, omission or default of the Builder, Subcontractor, Subsubcontractors, material men, suppliers, employees or agents of any tier or their respective employees. The Builder shall defend the Association, its officers, directors, agents and employees if any claim is made against them. The duty to defend is separate and distinct from the duty to indemnify, and is valid notwithstanding the enforceability of this indemnification provision. In claims against any person or entity indemnified under this paragraph by an employee of the Builder, a Subcontractor, material men, or agents of any tier or their respective employees, the indemnification obligation under this paragraph shall not be limited by compensation or benefits payable by or for the Builder or a Subcontractor under workers' compensation acts, disability benefit acts or other employee benefit acts.
16. Builder will obtain and maintain in force during the term of the Construction comprehensive general public liability and property damage insurance in the amounts and categories established by Association and shall name Association as an additional insured in such policies. Evidence of such insurance coverage shall be delivered by Builder to Association prior to commencement of any work.
17. Builder shall be fully insured under all applicable state and federal worker's compensation laws. Builder shall also insure that any and all subcontractors be likewise insured. Evidence of such insurance coverage shall be delivered by Builder to Association prior to commencement of any work.
18. Builder is solely the agent of the Owner and not of the Association. This Construction Agreement does not create any agency relationship between the Builder and the Association.
19. For the purposes of notice, the following individuals and addresses are specified:
 - a. For the Association:

b. For the Builder:

c. For the Lot Owner:

20. The approval, rejection or withholding of any approval by the Association or the DRC, of the proposed plans and specifications and the location of all structures, and every alteration of any structure, shall not be construed or interpreted as a representation or determination that any building, plumbing, electrical code or other applicable governmental regulations or requirements have or have not been met. Each Builder shall be responsible to obtain necessary approvals of the appropriate governmental agencies as required for any work or construction.

For the ASSOCIATION:

Print Name:_____

For the BUILDER:

Print Name:_____

For the LOT OWNER:

Print Name:_____

EXHIBIT A

DESIGN REVIEW COMMITTEE COMMON VIOLATION & FINE SCHEDULE

Active construction before DRC final approval	\$500/week
No portable toilet on site	\$25/day
Failure to install silt fence	\$25/day
No dumpster on site	\$50/day
Failure to keep job site neat and clean	\$100/incident
Failure to correct damage to adjacent property	\$50/day
Failure to correct damage to common property	\$200/incident
Failure to keep streets clean	\$100/incident
Loud music, children or pets on job site	\$50/incident
Failure to meet an intermediate milestone date	\$500/month
Failure to meet the Certificate of Occupancy milestone date	\$1000/week
Installation of a non-approved feature	\$1000/incident

Note: The administrative costs associated with imposing these fines shall also be assessed to the Builder. The above fines and administrative costs will be deducted from the Construction Deposit held by the DRC.

Appendix C
SAMPLE ONLY
LETTER OF CREDIT

Date

Mr.
President
Hammock Dunes Owners' Assoc. Inc.
7 Florida Park Drive N. Suite C
Palm Coast, FL 32137

Dear Mr.

(Name of bank) hereby opens our Irrevocable Letter of Credit Number in favor of the Hammock Dunes Owners' Association, Inc. for the account of or benefit of (name and address of builder) in the amount of one hundred thousand dollars (\$100,000) (for New Construction) or ten percent (10%) of the proposed cost (for Major Alteration or Addition Construction), not to exceed one hundred thousand dollars (\$100,000), available by your drafts on us at sight to be accompanied by:

1. Copy of the letter of credit issued in favor of the Hammock Dunes Owners' Association, Inc.
2. Affidavit stating that the terms and conditions of the construction agreement between (name of builder) and Hammock Dunes Owners' Association, Inc. signed and approved are not being performed as per said construction agreement outlining the specific non-conforming areas, signed by an authorized official to Hammock Dunes Owners' Association, Inc. with acknowledgement that said signer is an authorized signer.
3. Copy of said contract between the Hammock Dunes Owners' Association, Inc. and (name of bank).

Any drafts under the credit must be marked "drawn under credit number _____ of (name of bank)". This credit is subject to the Uniform Customs and Practice for Documentary Credits (1983 Revision), International Chamber of Commerce Brochure No. 400.

We hereby agree that any drafts drawn under and in compliance with the terms of this credit shall be duly honored on due presentation to (name and address of bank) on or before (36 months from date of agreement) or 30 days following issuance of a Certificate of Occupancy by the County of Flagler, Flagler County, Florida on (street address of home site), also know as (legal description).

The expiration date of this credit is (36 months from date) of agreement or 30 calendar days following the issuance of the Certificate of Occupancy by the County of Flagler, whichever comes first on property at (street address of home site), also know as (legal description).