

ARTICLES OF INCORPORATION

OF

HAMMOCK DUNES OWNERS' ASSOCIATION, INC.  
(A Corporation Not for Profit)

In order to form a corporation not for profit for the purposes and with the powers set forth herein, under and in accordance with the provisions of Chapter 617 of the Florida Statutes, the undersigned by these Articles of Incorporation (the "Articles") hereby certify as follows:

ARTICLE I  
DEFINITIONS

A. All terms which are defined in the Declaration of Protective Covenants, Conditions, and Restrictions for Hammock Dunes ("Master Declaration") shall be used herein with the same meanings as defined in said Master Declaration.

B. "Owners' Association" as used herein shall mean the Hammock Dunes Owners' Association, Inc., a Florida corporation not for profit, the corporation formed by these Articles, its successors or assigns.

ARTICLE II  
NAME

The name of this Owners' Association shall be Hammock Dunes Owners' Association, Inc. (hereinafter referred as the "Owners' Association"), whose present address is One Corporate Drive, Palm Coast, Florida 32051.

ARTICLE III  
PURPOSES

The purposes for which this Owners' Association is organized are to take title to, operate, administer, manage, lease and maintain the Common Areas or such portions thereof or of Hammock Dunes as are dedicated to or made the responsibility of the Owners' Association in the Master Declaration or in any other Master Documents or in the Order in accordance with the terms of and purposes set forth therein; and to conduct any lawful business permitted under the laws of the State of Florida for corporations not for profit in order to carry out the covenants and enforce the provisions of any of the Master Documents, or any Subassociation documents. The Owners' Association in NOT a condominium association under Chapter 718, Florida Statutes.

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ARTICLE IV  
POWERS

The Owners' Association shall have the following powers and shall be governed by the following provisions:

A. The Owners' Association shall have all of the common law and statutory powers of a corporation not for profit which are not in conflict with the terms of the Master Documents.

B. The Owners' Association shall have all of the powers reasonably necessary to implement its purposes including but not limited to, the following:

1. To perform any act required or contemplated by it under the Master Declaration or any other Master Documents.

2. To perform any act required or contemplated by it under the Order.

3. To make, establish and enforce reasonable rules and regulations governing the use of Hammock Dunes or any portions thereof, including, without limitation, the Common Areas.

4. To make, levy and collect Assessments for the purpose of obtaining funds for the payment of Operating Expenses or other expenses in the manner provided in the Master Documents and to use and expend the proceeds of such Assessments in the exercise of the powers and duties of the Owners' Association.

5. To maintain, repair, replace and operate those portions of Hammock Dunes that it is required to maintain, repair, replace and operate in accordance with the Master Documents.

6. To enforce the provisions of the Master Documents.

7. To construct improvements to Hammock Dunes in accordance with the Master Documents.

8. To employ personnel and to retain independent contractors and professionals; and to enter into service contracts to provide for the maintenance, operation and management of property; and to enter into any other agreements consistent with the purposes of the Owners' Association, including, but not limited to, agreements with respect to the installation, maintenance and operation of a telecommunications receiving and distribution system and surveillance system, or for professional management and to delegate to such professional management certain powers and duties of the Owners' Association.

ARTICLE V  
MEMBERS AND VOTING

The qualification of Members, the manner of their admission to membership, and voting by Members shall be as follows:

A. The Membership of the Owners' Association shall be comprised of the Owners, including Declarant, and the Hammock Dunes Club. Membership shall be established as hereinafter set forth.

B. There shall be at least three (3) classes of Members: Residential Members, Hammock Dunes Club and Declarant. Membership in each class shall be established as follows:

1. Residential Members. Residential Membership shall, subject to the provisions of Paragraph C below, be comprised of Dwelling Unit Owners and Land Segment Owners and shall be established effective, either (a) immediately upon a Person's becoming a Dwelling Unit Owner or (b) upon a Land Segment Owner's Land Segment becoming subject to Assessments, as set forth in Paragraph 10.01(b) of the Master Declaration.

2. Hammock Dunes Club. The Membership of the Hammock Dunes Club in the Owners' Association shall be established effective either (a) upon creation of the Hammock Dunes Club, or (b) if the Hammock Dunes Club is in existence prior to the creation of the Owners' Association, then upon the filing of these Articles.

3. Declarant. Declarant's Membership in the Owners' Association shall be established effective immediately upon the creation of the Owners' Association, and until the establishment and effectiveness of any other Member's Membership, the Membership of the Owners' Association shall be comprised solely of Declarant.

C. Residential Membership, once established with regard to any Unit as provided in Paragraph V.B immediately above, shall pass with title to the Unit in question as an appurtenance thereto with no such Membership or rights arising therefrom being transferable in any manner except as and appurtenance to such Unit. No new Residential Member's rights shall be effective until the new Member presents the Owners' Association with a copy of the recorded deed or other muniment of title conveying title to the Unit.

D. A Structure for which final certificates of occupancy have been issued but which has subsequently been destroyed or demolished shall be deemed, for the purpose of voting, to have the number of Dwelling Units which were contained in the original Structure until such time as a replacement Structure is erected and a final certificate of occupancy issued therefor.

Thereupon, the number of Dwelling Units of the replacement Structure shall control in lieu of the number of Dwelling Units in the Structure so destroyed or demolished.

E. Voting Rights. The voting rights of the Members shall be as follows:

1. Voting. Each Member shall possess the voting rights such Member is entitled to, as set forth in the Master Declaration.

2. Casting of Votes.

The Members who belong to each class of Membership in the Owners' Association shall cast their votes as follows:

(a) Declarant. Declarant shall cast its votes at meetings of the Members in person or by written proxy. Nothing herein contained shall require that Declarant cast in the same manner all the votes he is entitled to cast as a Member, and Declarant may cast fewer than the total number of votes he possesses.

(b) Hammock Dunes Club. The Hammock Dunes Club shall cast its votes through its Voting Member. The Voting Member shall cast the votes of the Hammock Dunes Club as such Voting Member determines to be in the best interests of the Hammock Dunes Club at meetings of the Members of the Owners' Association called for such purpose. Nothing herein contained shall require that a Voting Member cast in the same manner all of the votes which he is entitled to cast at the meetings of the Members of the Owners' Association, and the Voting Member may cast fewer than the total number of votes possessed by the Members he represents. Notwithstanding anything contained in this subparagraph, the amount of votes a Voting Member possesses for purposes of electing an Administrator shall be set forth in Paragraph X.E. below.

(c) Residential Members. Each Residential Member shall cast its vote through its Voting Member. The Voting Member shall have the same number of votes as the number of Members in the Neighborhood he represents and shall cast the votes of the Members he represents as such Voting Member determines to be in the best interests of such Members at meetings of the Members of the Owners' Association, called for such purpose. Nothing herein contained shall require that a Voting Member cast in the same manner all of the votes which he is entitled to cast at the meetings of the Members of the Owners' Association, and the Voting Member may cast fewer than the total number of votes possessed by the Members he represents. Notwithstanding anything contained in this subparagraph, the amount of votes a Voting Member possesses for purposes of electing an Administrator shall be set forth in Paragraph X.E. below.

3. Election of Voting Members.

There shall be one (1) voting Member for each Neighborhood and the Hammock Dunes Club. The election of Voting Members shall be as follows:

(a) Neighborhoods with Associations. The Voting Member of a Neighborhood with a Neighborhood Association shall be selected on an annual basis by the Members of that Neighborhood Association in accordance with a procedure set forth in the Neighborhood Documents which has been approved by Declarant.

(b) Neighborhoods without Associations. The Voting Member of a Neighborhood with No Neighborhood Association shall be selected on an annual basis by the Dwelling Unit Owners and Land Segment Owners of that Neighborhood at a meeting of these Owners called by the Owners' Association for the purpose of electing the Voting Member. This meeting shall be held at least ninety (90) days, but no more than one hundred twenty (120) days, prior to the Annual Members' Meeting. Notice of this meeting shall be delivered or mailed by the Owners' Association at least thirty (30) days, but not more than forty (40) days, in advance of the meeting. Notice may be given either personally or by sending a copy of the notice through the mail, postage prepaid, to the address of the Member appearing on the books of the Owners' Association. The presence at this meeting of the Dwelling Unit Owners and Land Segment Owners entitled to cast one-quarter (1/4) of the votes possessed by the total of all Dwelling Units and Property Units located in the Neighborhood shall constitute a quorum. Dwelling Unit Owners and Land Segment Owners shall be entitled to vote by proxy.

(c) Hammock Dunes Club. The Voting Member of the Hammock Dunes Club shall be the president or chief executive officer of the Hammock Dunes Club unless otherwise specified in accordance with a procedure set forth in the governing documents of the Hammock Dunes Club which has been approved by Declarant.

(d) Initial Voting Member. Until such time as a Voting Member is selected by a Neighborhood or the Hammock Dunes Club in accordance with the procedures set forth above, the initial Voting Member of a Neighborhood or the Hammock Dunes Club shall be appointed by Declarant.

(e) Vacancy. Any vacant Voting Member position occurring because of death, resignation or other termination of services shall be filled by the Board. A Voting Member appointed to fill a vacancy shall be appointed for the unexpired term of his predecessor in office and shall serve until his successor shall have been elected and/or appointed and qualified.

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F. Each and every Member shall be entitled to the benefits of membership, and shall be bound to abide by the provisions of the Master Documents.

G. The rights and qualifications of any other Tract Owners and the manner of their admission to Membership shall be set forth by Declarant in a Supplement, in accordance with the Master Declaration, and Declarant shall have the right to unilaterally amend these Articles to comport with such supplement.

ARTICLE VI  
TERM

The term for which this Owners' Association is to exist shall be perpetual.

ARTICLE VII  
INCORPORATORS

The names and street addresses of the Incorporators of the Owners' Association are as follows:

Name	Address
John Schlegel	1 Corporate Drive Palm Coast, Florida 32051
David Teal	1 Corporate Drive Palm Coast, Florida 32051
Steve Tubbs	1 Corporate Drive Palm Coast, Florida 32051

The rights and interests of the Incorporators shall automatically terminate when these Articles are filed with the Secretary of State of Florida.

ARTICLE VIII  
OFFICERS

A. The affairs of the Owners' Association shall be managed by the President, one (1) or more Vice Presidents, a Secretary and a Treasurer and, if elected by the Board, one (1) or more Assistant Secretaries and one (1) or more Assistant Treasurers, which officers shall be subject to the direction of the Board.

B. The Board shall elect the President, the Vice President, the Secretary and the Treasurer; and as many Vice Presidents, Assistant Secretaries and Assistant Treasurers as the Board shall, from time to time, determine appropriate. Such officers shall be elected annually by the Board at the first meeting of the Board; provided, however, that such officers may

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be removed by the Board and other persons may be elected by the Board as such officers in the manner provided in the By-Laws. The President shall be a member of the Board, but no other officer need be a member of the Board. The same person may hold two offices, the duties of which are not incompatible; provided, however, the offices of President and Vice President shall not be held by the same person, nor shall the offices of President and Secretary or Assistant Secretary be held by the same person.

ARTICLE IX  
FIRST OFFICERS

The names of the officers who are to serve until the first election of officers by the Board are as follows:

- President - John Schlegel
- Vice President - David Teal
- Secretary - Alan Markee
- Treasurer - Alan Markee

ARTICLE X  
BOARD OF ADMINISTRATORS

A. The number of members of the First Board of Administrators ("First Board") shall consist of three (3) Administrators. Thereafter, the number of members of the Board shall be as provided in Paragraph C of this Article X.

B. The names and street addresses of the persons who are to serve as the First Board are as follows:

Name	Address
John Schlegel	1 Corporate Drive Palm Coast, Florida 32051
David Teal	1 Corporate Drive Palm Coast, Florida 32051
Steve Tubbs	1 Corporate Drive Palm Coast, Florida 32051

The First Board shall be the Board of the Owners' Association until the first Annual Members' Meeting after Declarant has conveyed twenty percent (20%) of the Dwelling Units permitted to be constructed on the Total Property. Declarant shall have the right to appoint, designate or elect all the members of the First Board until such Annual Members' Meeting, and in the event

of any vacancy, fill any such vacancy. After such Annual Members' Meeting, Declarant shall have the right to appoint, designate, or elect all the Administrators who are not elected by the Members other than Declarant as set forth in Paragraph C below. Declarant reserves the right to remove any Administrator it has appointed, designated, or elected to the First Board or any other Board.

C. 1. At the first Annual Members' Meeting after Declarant has conveyed twenty percent (20%) of the Dwelling Units permitted to be constructed on the Total Property, and at all Annual Members' Meetings thereafter until the Annual Members' Meeting described in Paragraph C.2 below, the Board shall include: two (2) Administrators designated by Declarant and one (1) Administrator elected by the Voting Member as more specifically set forth in the By-Laws.

2. At the first Annual Members' Meeting after Declarant has conveyed fifty percent (50%) of the Dwelling Units permitted to be constructed on the Total Property, the number of Administrators shall be expanded to five (5), and until the first Annual Members' Meeting described in Paragraph C.3 below, the Board shall include: three (3) Administrators designated by Declarant and two (2) Administrators elected by the Voting Members, as more specifically set forth in the By-Laws.

3. At the Turnover meeting, which is to be held as set forth in the Master Declaration, the number of Administrators shall be expanded to a maximum number of eleven (11). At the Turnover meeting and at all Annual Members' Meetings after Turnover, the Voting Members shall elect one (1) Administrator from each Community, for a maximum of nine (9) Administrators. In addition, after Turnover and for so long as Declarant owns any interest in the Total Property, Declarant shall have the right, but not the obligation, to designate two (2) additional Administrators and his/her successors ("Declarant Administrator"), thus providing for up to a total of eleven (11) Administrators. Notice of the Turnover meeting shall be given as provided in Article X, Section 3 of the By-Laws.

D. Until Turnover, Administrators of the Owners' Association named by Declarant shall serve at the discretion of Declarant, and in the event of vacancies of such Administrators, such vacancies shall be filled by the person designated by Declarant. The fact that the Owners have not elected or refuse to elect Administrators shall not interfere with the right of Administrators designated by Declarant to resign.

E. At the Turnover meeting and thereafter, Voting Members may cast their votes for Administrators only for the Administrator vacancy set aside for their respective Communities. In electing Administrators, each Voting Member is entitled to one

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(1) vote only, regardless of the total amount of Members located in the Neighborhood such Voting Member represents.

F. The resignation of an Administrator who has been designated, appointed or elected by Declarant, or the resignation of an officer of the Owners' Association who was elected by the First Board, shall remise, release, acquit and forever discharge such Administrator or officer of and from any and all manner of action(s), cause(s) of action, suits, debts, dues, claims, bonds, bills, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, executions, claims and demands whatsoever, in law or in equity which the Owners' Association or Members had, now have, or will have; or which any personal representative, successor, heir or assign of the Owners' Association or Members hereafter may have against such Administrator or officer by reason of his having been an Administrator or officer of the Owners' Association.

ARTICLE XI  
INDEMNIFICATION

Every Administrator and every officer of the Owners' Association shall be indemnified by the Owners' Association against all expenses and liabilities, including attorneys, fees through all trial and appellate levels, reasonably incurred by or imposed upon him in connection with any proceeding, arbitration or settlement to which he may be a party, or in which he may become involved, by reason of his being or having been an Administrator or officer of the Owners' Association, whether or not he is an Administrator or officer at the time such expenses are incurred. Notwithstanding the foregoing, in the event of a settlement, the indemnification provisions herein shall not be automatic and shall apply only when the Board approves such settlement. Notwithstanding anything contained herein to the contrary, in instances where the Administrator or officer admits or is adjudged guilty of willful malfeasance in the performance of his duties, the indemnification provisions contained herein shall not apply. Otherwise, the foregoing right of indemnification shall be in addition to and not exclusive of any and all right of indemnification to which such Administrator or officer may be entitled by common law or statute.

ARTICLE XII  
BY-LAWS

By-Laws of the Owners' Association shall be adopted by the First Board and thereafter may be altered, amended or rescinded in the manner provided for in the By-Laws. In the event of a conflict between the provisions of these Articles and the provisions of the By-Laws, the provisions of these Articles shall control.

ARTICLE XIII  
AMENDMENTS

A. These Articles may be amended by the following methods:

1. (a) The Board shall adopt a resolution setting forth the proposed amendment and directing that it be submitted to a vote at a meeting of Members, which may be either the Annual Members' Meeting or a special meeting. Any number of proposed amendments, may be submitted to the Members and voted upon by them at one meeting.

(b) Written notice setting forth the proposed amendment or a summary of the changes to be effected thereby shall be given to each Voting Member and Declarant within the time and in the manner provided in the By-Laws for the giving of notice of meetings of Members ("Required Notice").

(c) At such meeting a vote of the Voting Members and Declarant shall be taken on the proposed amendment(s). The proposed amendment shall be adopted upon receiving the affirmative vote of at least two-third (2/3) of all votes entitled to be cast.

2. An amendment may be adopted by a written statement, in lieu of a meeting, signed by all Administrators, all Voting Members entitled to vote at meetings of the Members, and Declarant setting forth their intention that an amendment to these Articles be adopted.

3. Consistent with the provisions of the Master Declaration allowing certain instruments, including Supplements, to be effected by Declarant alone, Declarant alone may amend these Articles to bring the Articles into conformity with such instruments.

B. No amendment may be made to these Articles which shall in any manner reduce, amend, affect or modify the terms, conditions, provisions, rights and obligations set forth in the Master Declaration.

C. A copy of each amendment shall be filed and certified by the Secretary of State of the State of Florida.

D. A certified copy of each such amendment shall be attached to any certified copy of these Articles and shall be part of such Articles and an exhibit to the Master Declaration upon the recording of the Master Declaration; or, in lieu thereof, "Restated Articles" (as defined in Article XV) may be adopted and a certified copy thereof shall be attached as an exhibit to the Master Declaration upon recordation thereof.

E. There shall be no amendment to these Articles which shall abridge, amend or alter the rights of: (i) Declarant, including, without limitation, the right to designate and select the Administrators as provided in Article X hereof and the rights reserved to Declarant in Article VI of the Master Declaration, without the prior written consent thereto by Declarant; (ii) any Institutional Mortgagee without the prior written consent of such Institutional Mortgagee; and (iii) any of the Clubs, without the prior written consent of Declarant.

ARTICLE XIV  
SUCCESSOR ENTITIES

In the event of the dissolution of the Owners' Association, or any successor entity thereto, any property dedicated or conveyed to the Owners' Association shall be transferred to either a successor entity or an appropriate governmental agency or public body to be maintained for the purposes for which the property in accordance with terms and provisions under which such property was being held by the Owners' Association, or such successor.

ARTICLE XV  
RESTATEMENT OF ARTICLES

A. All provisions contained within these Articles plus any amendments thereto may at any time be integrated into a single instrument as "Restated Articles" and adopted by the Board. Such Restated Articles shall be specifically designated as such and shall state, either in the heading or in the introductory paragraph, the name of Owners' Association and, if it has been changed, the name under which it was originally incorporated and the date of filing of the original Articles or any restatements thereof in the Office of the Secretary of State of Florida. Such Restated Articles shall also state that they were duly adopted by the Board and that such Restated Articles only restate and integrate and do not further amend the provisions of these Articles as theretofore amended, or that any amendment included therein has been adopted pursuant to Article XIII hereof and that there is no discrepancy between these Articles as theretofore amended and provisions of the Restated Articles other than the inclusion of the properly adopted amendments.

B. Upon the filing of Restated Articles by the Secretary of State of Florida, the original Articles, as theretofore amended, shall be superseded, and thenceforth the Restated Articles shall be these Articles of Incorporation of the Owners' Association.

C. Amendments may be made simultaneously with restatement of these Articles if the requirements of Article XIII are

complied with. In such event, the Articles of Incorporation shall be specifically designated as such.

ARTICLE XVII  
REGISTERED OFFICE AND REGISTERED AGENT

The street address of the initial registered office of the Owners' Association is 1 Corporate Drive, Palm Coast, Florida 32051 and the initial Registered Agent of the Owners' Association at that address shall be John Schlegel.

IN WITNESS WHEREOF, we, John Schlegel, David Teal, and Steve Tubbs, the Incorporators of the Hammock Dunes Owners' Association, Inc., have hereunto affixed our signatures this day of February 15, 1989.

John L. Schlegel  
David Teal  
Steven A. Tubbs

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The undersigned hereby accepts the designation of Registered Agent of Hammock Dunes Owners' Association, Inc. as set forth in Article XVII of these Articles.

John L. Schlegel

STATE OF FLORIDA )  
                          : ss.:  
COUNTY OF FLAGLER )

I HEREBY CERTIFY that on this day, before me a Notary Public duly authorized in the State and County named above to take acknowledgments, personally appeared John Schlegel, David Teal and Steve Tubbs to me known to be the persons described as the Incorporators of the Hammock Dunes Owners' Association, Inc.

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