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**SECOND AMENDMENT TO  
DECLARATION OF PROTECTIVE COVENANTS,  
CONDITIONS AND RESTRICTIONS  
FOR HAMMOCK DUNES® PRIVATE COMMUNITY**

This Second Amendment to the Declaration of Protective Covenants, Conditions and Restrictions for Hammock Dunes® ("Second Amendment") is made this 22nd day of July, 2004, by HD ASSOCIATES, L.P., a Delaware limited partnership, as successor to IIT COMMUNITY DEVELOPMENT CORPORATION, a Delaware corporation (the "Declarant"), with offices at 2 Camino del Mar, Palm Coast, Florida.

WHEREAS, Declarant recorded the Declaration of Protective Covenants, Conditions and Restrictions for Hammock Dunes®, dated May 11, 1989, and recorded on May 18, 1989, in Official Records Book 392, Page 343, of the Public Records of Flagler County, Florida ("Master Declaration");

WHEREAS, Declarant, pursuant to the provisions of the Master Declaration, including, but not limited to, the provisions of Paragraph 14.06 thereof, reserved the right to modify the provisions of the Master Declaration and to create new provisions of the Master Declaration applicable to all or a portion of the Total Property;

WHEREAS, Declarant previously amended the terms of the Master Declaration by that certain First Amendment recorded at Official Records Book 449, Page 1809 of the Public Records of Flagler County, Florida;

WHEREAS, since the recording of the Master Declaration, extensive development has taken place within the Hammock Dunes ® Private Community and several portions of the original Total Property have been removed from the jurisdiction of the Master Declaration by sales to third parties and changes to the original development plans;

WHEREAS, Declarant desires to further amend the terms of the Master Declaration to conform the terms of the Master Declaration to the development that has occurred in the Hammock Dunes ® Private Community since the original recording of the Master Declaration;

NOW, THEREFORE, in consideration of the premises and covenants herein contained, Declarant hereby declares that the Master Declaration is amended as follows:

1. The words and phrases used herein which are defined in the Master Declaration shall have the meanings set forth in the Master Declaration.
2. Anything contained in the Master Declaration or any Supplement thereto, (including, without limitation, the Fourth, Sixth, Eighth, Ninth, Tenth, Twelfth, and Seventeenth Supplements) notwithstanding, the Community to which all portions of the Granada Estates Neighborhood are now or in the future may be assigned is changed from the Destination Resort Community to the Granada Estates Community. From and after the date of this

amendment, the only portions of the Total Property which may be assigned to the Granada Estates Community shall be those portions of the Total Property which are also designated as belonging to the Granada Estates Neighborhood. Any references in the Master Declaration or any Supplement thereto to the "Racquet Club Community" are hereby amended to refer to the Granada Estates Community.

3. Anything contained in the Master Declaration or any Supplement thereto (including, without limitation, the Seventh and Fifteenth Supplements) notwithstanding, the Community to which all portions of the Beachfront Neighborhood (the La Grande Provence Condominium, Phases 1 and 2) are now or in the future may be assigned is changed from the Destination Resort Community to the La Grande Provence Community. From and after the date of this Second Amendment, only those portions of the Total Property which are already part of the La Grande Provence Condominium, Phases 1 and 2 shall be part of the La Grande Provence Community and no other portion of the Total Property may be added to the La Grande Provence Community. Any references in the Master Declaration or any Supplement thereto to the "Harbor Village Community" are hereby amended to refer to the La Grande Provence Community.

4. Anything contained in the Master Declaration or any Supplement thereto (including, without limitation, the Eleventh and Twentieth Supplements) notwithstanding, the Community to which all portions of the Ocean Estates Neighborhood are now or in the future may be assigned is changed from the Destination Resort Community to the Ocean Estates Community. From and after the date of this Second Amendment, the only portions of the Total Property which may be assigned to the Ocean Estates Community shall be those portions of the Total Property which are also designated as belonging to the Ocean Estates Neighborhood.

5. Anything contained in the Master Declaration or any Supplement thereto notwithstanding, the name of the Fairways Community is hereby changed to the "Villas Community." From and after the date of this Second Amendment, the only portions of the Total Property which may be assigned to the Villas Community shall be those portions of the Total Property which are also designated as belonging to the Villas Neighborhood.

6. Anything contained in the Master Declaration or any Supplement thereto, (including, without limitation, the Eighteenth Supplement) notwithstanding, the Community to which all portions of the Viscaya Neighborhood and the Hammock Dunes Club are now or in the future may be assigned is changed from the Destination Resort Community to the Duneview Community. Declarant also hereby assigns the Land Segment and the 37 Property Units associated with the Land Segment described in the Twenty Fifth Supplement to the Master Declaration recorded at Official Records Book 937, Page 1583 of the Public Records of Flagler County, Florida and the Land Segment known as Parcel 1B and the 15 Property Units associated with the Land Segment more specifically described in Exhibit A to this Second Amendment (including any future Neighborhoods or Dwelling Units located in any such Neighborhoods that may be created on such Land Segments) to the Duneview Community. Any references in the Master Declaration or any Supplement thereto to the "Destination Resort Community" are hereby amended to refer to the Duneview Community. The 72 Property Units assigned by this Second Amendment to Land Segments in the Duneview Community may be adjusted periodically by the Declarant in accordance with the Master Declaration.

7. Any references in the Master Declaration or any Supplement thereto to the "Island Community" are hereby amended to refer to the Island Estates Community. From and after the date of this Second Amendment, the only portions of the Total Property which may be assigned to the Island Estates Community shall be those portions of the Total Property which are also designated as belonging to the Island Estates Neighborhood.

8. Any references in the Master Declaration or any Supplement thereto to the "Beach Community" are hereby amended to refer to the Beachfront Community. The Declarant hereby declares that Porto Mar at Hammock Dunes, as described in the Porto Mar at Hammock Dunes Declaration of Covenants and Restrictions (the "Porto Mar Declaration") recorded at Official Records Book 0774, Page 1470 of the Public Records of Flagler County, Florida is a Neighborhood of Hammock Dunes and assigns the Porto Mar at Hammock Dunes Neighborhood (including any future additions, supplements or amendments to Porto Mar at Hammock Dunes made in accordance with the Porto Mar Declaration) to the Beachfront Community. Declarant also hereby assigns the portions of the Land Segment(s) described in the Twenty First Supplement to the Master Declaration recorded at Official Records Book 0774, Page 1438 of the Public Records of Flagler County, Florida that are not already incorporated into the Porto Mar at Hammock Dunes Neighborhood and the portions of the Land Segment(s)

described in the Twenty Third Supplement to the Master Declaration recorded at Official Records Book 0891, Page 0088 of the Public Records of Flagler County, Florida that are not already incorporated into the Porto Mar at Hammock Dunes Neighborhood to the Beachfront Community. It is estimated that 119 Dwelling Units may be developed in Neighborhoods that are now or may be made a part of the Beachfront Community. As of the date of this Second Amendment, the number of Property Units assigned to the Land Segments in the Beachfront Community shall be equal to the number of Dwelling Units in the Porto Mar at Hammock Dunes Neighborhood subtracted from the estimated 119. The number of Property Units in the Beachfront Community may be adjusted periodically by the Declarant in accordance with the Master Declaration.

9. Any references in the Master Declaration or any Supplement thereto to the "Ocean Recreation Community" are hereby amended to refer to the Oceanfront Community. As of the date of this Second Amendment, there are no Neighborhoods assigned to the Oceanfront Community. Declarant hereby assigns the portions of the Land Segment(s) described in the Twenty Fourth Supplement to the Master Declaration recorded at Official Records Book 917, Page 1966 of the Public Records of Flagler County, Florida intended to be included in the Cambria and Tuscan condominium projects (including any future Neighborhoods that may be created on such portions of the Land Segments) to the Oceanfront Community. It is estimated that 124 Dwelling Units may be developed in Neighborhoods that are made a part of the Oceanfront Community. As of the date of this Second Amendment, the number of Property Units assigned to the Land Segments in the Oceanfront Community are 124. The number of Property Units in the Oceanfront Community may be adjusted periodically by the Declarant in accordance with the Master Declaration.

10. Any references in the Master Declaration or any Supplement thereto to the "Varn Lake Community" are hereby amended to refer to the Waterfront Community. As of the date of this Second Amendment, there are no Neighborhoods assigned to the Waterfront Community. Declarant hereby assigns the portions of the Land Segment(s) described in the Twenty Fourth Supplement to the Master Declaration recorded at Official Records Book 917, Page 1966 of the Public Records of Flagler County, Florida that are not assigned to the Oceanfront Community by this Second Amendment (including any future Neighborhoods that may be created on such portions of the Land Segments) to the Waterfront Community. It is estimated that 110 Dwelling Units may be developed in Neighborhoods that are made a part of the Waterfront Community. As of the date of this Second Amendment, the number of Property Units assigned to the Land Segments in the Waterfront Community are 110. The number of Property Units in the Waterfront Community may be adjusted periodically by the Declarant in accordance with the Master Declaration.

11. Paragraph 1.12 of Article I of the Declaration is hereby amended to read:

*1.12 "Community" shall mean a portion of the Committed Property comprised of one (1) or more Neighborhoods or Tracts or both designated as such by Declarant which may share certain services or facilities. The nine (9) Communities designated by the Declarant are: Beachfront Community, Duneview Community, Granada Estates Community, Island Estates Community, La Grande Provence Community, Ocean Estates Community, Oceanfront Community, Villas Community, and Waterfront Community.*

12. Paragraph 1.19 of Article I of the Declaration is hereby amended to read:

*1.19 "Design Review Committee" shall mean the body established by the Board to administer the Development Codes to control the initial design and location of all Structures, and all alterations and modifications to existing Structures and improvements to the Committed Property as more fully discussed in Article 6.02 hereof. Declarant shall have the right to divide the Design Review Committee into various sub-committees with specific functions. Any reference in this Declaration, the Articles, By-Laws or any Development Codes or Design Review Manuals promulgated by the Declarant to an "Architectural Review Committee" or "Architectural Committee" shall mean and refer to the Design Review Committee provided for in this Declaration.*

13. Paragraph 1.64 of Article I of the Declaration is hereby deleted in its entirety.
14. Paragraphs 6.02 (d) and 6.02 (l) of Article VI of the Declaration are hereby amended to read:

(d) *The approval, rejection or withholding of any approval by the Owners' Association or the Design Review Committee, of the plans, proposals 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 properly met. The approval by the Owners' Association or the Design Review Committee with respect to any improvements shown on the plans and specifications shall not be deemed to be a representation or determination by the Owners' Association, the Design Review Committee or any of their agents or employees as to the technical sufficiency or adequacy of such plans and specification or their compliance with any building, development, life safety or other code, law, ordinance, or similar regulation promulgated by any governmental agency (collectively "Governmental Regulations"). As between the Owners' Association or the Design Review Committee and any Owner seeking any approval required by this Article, compliance with any applicable Governmental Regulations shall be the responsibility of the Owner. In its discretion, the Owners' Association or the Design Review Committee may grant approvals of Structures, landscaping or other improvements (including alterations or reconstruction of Structures) which vary from the requirements of this Declaration, a Neighborhood Declaration or the Development Codes. No approval by the Owners' Association or the Design Review Committee of any variance from this Declaration, a Neighborhood Declaration or the Development Codes shall relieve the Person obtaining such approval from the obligation to comply with all applicable governmental regulations. Each Person shall be responsible for obtaining all necessary technical data and to make application to and obtain the approval of the appropriate governmental agencies prior to commencement of any work of construction.*

(l) *Notwithstanding anything in this paragraph 6.02 to the contrary, the Development Codes and the actions of the Design Review Committee shall not apply to the Declarant or any of the Declarant's activities, unless otherwise required by the Order. Accordingly, to the extent that the Declarant constructs, causes to be constructed or approves the construction or alteration (either unilaterally or by an approval of the Design Review Committee for so long as the Declarant controls the Design Review Committee pursuant to the terms of this Declaration) of any Structure, landscaping or other improvement on any portion of the Total Property, the Person owning or having the maintenance responsibility for any such Structure, landscaping or improvement shall be entitled to use, maintain, and reconstruct such Structure, landscaping or improvement in substantially the same condition as it was originally constructed or approved by the Declarant. This right shall apply, despite the fact that such construction varies from the terms of this Declaration, a Neighborhood Declaration or the Development Codes, as the same exist at the time of such construction or as the same may be subsequently amended.*

15. Paragraphs 8.02 and 8.03 of Article VIII of the Declaration are hereby amended to read:

*8.02 Voting. The voting rights of the Members, except Declarant, shall be cast at meetings of the Members as more fully set forth in the Articles and By-Laws.*

8.03 Voting Rights.

(a) Members Other Than Declarant.

(1) Each Dwelling Unit Owner shall be entitled to one vote (1) for each Dwelling Unit owned, which vote shall be cast as more fully set forth in the Articles and By-Laws.

(2) Each Land Segment Owner shall be entitled to one (1) vote for each Property Unit owned, which votes shall be cast as more fully set forth in the Articles and By-Laws.

(3) The Hammock Dunes Club shall be entitled to a total of twelve (12) votes, which votes shall be cast as more fully set forth in the Articles and By-Laws.

(4) The voting rights of any other Tract Owner shall be as may be set forth by Declarant in a Supplement.

(b) Declarant

Declarant shall have two (2) times the total number of votes of all the Members until Turnover, at which time Declarant shall have the same votes as any other Member for each Dwelling Unit or Property Unit it owns. Declarant shall have the right to cast its own votes in any manner that it desires in its sole discretion.

16. Paragraph 12.11 of Article XII of the Declaration is hereby amended to read:

*12.11 Water Management System Maintenance Easement. A nonexclusive easement shall exist in favor of the Declarant, the Owners' Association, the DCDD, and all agents, employees or other designees of Declarant, the Owners' Association or the DCDD to enter upon the "Water Management System Maintenance Easement" established throughout Hammock Dunes, which is the perimeter land within twenty (20) feet of the boundary of any of the Water Management System. No Structure, landscaping, or other material shall be placed or permitted to remain on the Water Management System Maintenance Easement except as expressly permitted by the Declarant, the Owners' Association (acting through the Design Review Committee) or the DCDD. In those areas of the Water Management System Maintenance Easement where Structures or landscaping have been constructed by Declarant or pursuant to properly obtained approvals from the Owners' Association (acting through the Design Review Committee) or by the DCDD, the use of the Water Management System Maintenance Easement shall, to the extent practicable, avoid the necessity of disturbing or encroaching on such Structures or landscaping. If any such a Structure or landscaping must be disturbed in order to allow an entity authorized by this paragraph to make use of the Water Management System Maintenance Easement, any disturbance of such Structure shall only be made after reasonable notice to the Owner of such Structure or landscaping and use of the Water Management System Maintenance Easement shall be conducted so as to minimize the impact of such use on the affected Structure.*

17. Paragraph 14.14 of Article XIV of the Declaration is hereby amended to read:

14.14 Approval of Owners' Association Lawsuits by Members. The Owners' Association shall be required to obtain the approval of three-fourths (3/4) of the number of Members (at a duly called meeting at which a quorum is present) prior to the payment of legal or other fees to persons or entities engaged by the Owners' Association for the purpose of suing, or making, preparing or investigating any lawsuit, or commencing any lawsuit other than for: (a) the collection of Assessments; (b) the collection of other charges which Members are obligated to pay pursuant to the Master Documents; (c) the enforcement of the use and occupancy restrictions contained in the Master Documents; or (d) in an emergency where waiting to obtain the approval of the Owners' would create a substantial risk of irreparable injury to the Total Property.

IN WITNESS WHEREOF, Declarant has caused these presents to be signed in its name and on its behalf this 22nd day of July, 2004.

(Signatures on Next Page)

Signed in the presence of:

HD ASSOCIATES, L.P.,

a Delaware limited partnership

By: Dunes Operating Company, L.P.,  
a Delaware limited partnership,  
its sole general partner

By: 2M Dunes, L.L.C.  
a Texas limited liability company,  
general partner

By: 2M Real Estate, Inc.  
a Texas corporation,  
its sole member

*Barbara A. Peacock*  
Print name: Barbara A. Peacock  
*Brita J. Collins*  
Print name: Brita J. Collins

By: *Terry Pendleton*  
Terry Pendleton, Vice President

STATE OF FLORIDA  
COUNTY OF FLAGLER

The foregoing Second Amendment to Declaration of Protective Covenants, Conditions and Restrictions for Hammock Dunes was acknowledged before me this 22nd day of July, 2004, by Terry Pendleton as Vice President of 2M Real Estate, Inc., a Texas corporation, the sole member of 2M Dunes, L.L.C., a Texas limited liability company, the general partner of Dunes Operating Company, L.P., a Delaware limited partnership, the sole general partner of HD Associates, L.P., a Delaware limited partnership, on behalf of HD Associates, L.P. He is personally known to me and did not take an oath.

*Barbara A. Peacock*  
Print name: \_\_\_\_\_  
Notary Public, State of Florida  
My Commission Expires:

Signatures continue on next page.



JOINED BY OWNERS' ASSOCIATION:

HAMMOCK DUNES OWNERS' ASSOCIATION, INC.

Barbara A. Peacock  
Print name: Barbara A. Peacock  
Maurice P. Grover  
Print name: Maurice P. Grover

By: Terry Poppleton, Its President  
Attest: Terling Lee, Its Secretary

STATE OF FLORIDA  
COUNTY OF FLAGLER

The foregoing instrument was acknowledged before me this 22nd day of July, 2004 by Terry Poppleton and Terling Lee, the President and Secretary, respectively, of Hammock Dunes Owners' Association, Inc., a Florida corporation not-for-profit. They are personally known to me and did not take an oath.

Barbara A. Peacock  
Print name: \_\_\_\_\_  
Notary Public, State of Florida  
My Commission Expires: \_\_\_\_\_



EXHIBIT "A"

LEGAL DESCRIPTION - PARCEL 1-B

A PARCEL OF LAND LYING WITHIN GOVERNMENT SECTIONS 3 AND 4, TOWNSHIP 11 SOUTH, RANGE 31 EAST, FLAGLER COUNTY, FLORIDA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS: A POINT OF REFERENCE BEING THE SOUTHEAST CORNER OF SAID GOVERNMENT SECTION 4, TOWNSHIP 11 SOUTH, RANGE 31 EAST, THENCE N00°37'32"W ALONG THE EAST LINE OF SECTION 4 A DISTANCE OF 2021.74 FEET; THENCE DEPARTING SAID WEST LINE OF SECTION 3, S89°22'28"W A DISTANCE OF 287.99 FEET TO THE POINT OF BEGINNING OF THIS DESCRIPTION; THENCE N12°42'45"E A DISTANCE OF 230.23 FEET; THENCE N02°38'54"W A DISTANCE OF 106.71 FEET; THENCE N88°18'02"E A DISTANCE OF 57.46 FEET; THENCE N15°51'12"E A DISTANCE OF 63.94 FEET TO A POINT ON A CURVE; THENCE 86.94 FEET ALONG THE ARC OF A CURVE TO THE LEFT (CONCAVE NORTHEASTERLY) HAVING A CENTRAL ANGLE OF 20°11'47", A RADIUS OF 108.50 FEET, A CHORD BEARING OF S49°39'07"E AND A CHORD DISTANCE OF 85.98 FEET TO A POINT OF REVERSE CURVATURE; THENCE 273.89 FEET ALONG THE ARC OF A CURVE TO THE RIGHT (CONCAVE WESTERLY) HAVING A CENTRAL ANGLE OF 74°06'55", A RADIUS OF 211.50 FEET, A CHORD BEARING OF S27°22'32"E AND A CHORD DISTANCE OF 254.91 FEET TO A POINT OF TANGENCY; THENCE S09°40'55"W, A DISTANCE OF 35.99 FEET TO A POINT ON THE CUL-DE-SAC OF CAMINO DEL MAR, SAID POINT BEING ON A CURVE, THENCE 90.84 FEET ALONG THE ARC OF A CURVE TO THE LEFT (CONCAVE SOUTHEAST) HAVING A CENTRAL ANGLE OF 55°22'16", A RADIUS OF 94.00 FEET, A CHORD BEARING OF S47°49'06"W AND A CHORD DISTANCE OF 87.35 FEET TO A POINT ON A CURVE; THENCE WESTERLY 106.18 FEET ALONG THE ARC OF A CURVE TO THE RIGHT (CONCAVE NORTHERLY) HAVING A CENTRAL ANGLE OF 08°54'19", A RADIUS OF 696.00 FEET, A CHORD BEARING OF S82°37'57"W AND A CHORD DISTANCE OF 108.07 FEET TO A POINT OF TANGENCY; THENCE S87°05'07"W A DISTANCE OF 125.49 FEET TO THE POINT OF BEGINNING.

PARCEL NO. 16

LEGAL DESCRIPTION