

**RESOLUTION OF THE BOARD OF ADMINISTRATORS
FOR
HAMMOCK DUNES OWNERS' ASSOCIATION, INC.
AMENDING BYLAWS OF THE ASSOCIATION**

WHEREAS, on June 8, 2004, 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, adopted certain amendments to 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") and the Articles of Incorporation for Hammock Dunes Owners' Association, Inc., a Florida corporation not-for-profit, (the "Articles"), which corporation is the Association referred to in the Master Declaration;

WHEREAS, the Board of Administrators of the Association, at a special meeting of the Board duly noticed and held in Flagler County, Florida on June 2, 2004 and at which a quorum of the Board was present, adopted the following resolution amending the Bylaws of the Association to conform the Bylaws to the amendments made to the Master Declaration and Articles of Incorporation, as more fully set forth in the resolution:

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The words and phrases used herein that are defined in the Master Declaration shall have the meanings set forth in the Master Declaration.

2. Article III, Section 3. of the Bylaws (Membership, Assessments and Voting Members) is hereby amended to read:

ARTICLE III
MEMBERSHIP, ASSESSMENTS AND MEMBER ATTENDANCE AT MEETINGS

Section 1. No Change.

Section 2. No Change.

Section 3. Members shall be entitled to speak and vote and generally exercise the voting rights of their respective class of Membership at any meetings of the Owners' Association called for such purpose. Members other than Declarant may attend, but shall not have the right to speak at any meeting of the Board unless the Board specifically requests Member comment.

3. Article V of the Bylaws (Election of Administrator By Voting Members) is hereby amended to read:

ARTICLE V
ELECTION OF ADMINISTRATORS

Section 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, one (1) Administrator shall be elected by the Members other than Declarant.

Section 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, two (2) Administrators shall be elected by the Members other than Declarant.

Section 3. (a) 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 of eleven. At the Turnover meeting and at all Annual Members' Meetings after Turnover, nine Administrators serving on the Board shall be Administrators elected by the Members other than the Declarant; provided that each Community is represented by one Administrator, and further provided that Members voting to fill a vacant Administrator position may cast their votes for Administrators only for the Administrator vacancy set aside for their respective Communities.

(b) At the Turnover meeting, the Members other than the Declarant shall elect a total of nine Administrators. These Administrators shall be assigned to three groups of three Administrators each (Group One, Group Two and Group Three). Group One Administrators shall serve for an initial term ending on the date of the Annual Meeting of 2006, Group Two Administrators shall serve for an initial term ending on the date of the Annual Meeting of 2007 and Group Three Administrators shall serve for an initial term ending on the date of the Annual Meeting of 2008. Upon the expiration of the initial term for each Administrator elected at the Turnover Meeting by Members other than the Declarant, the term of office for all Administrators elected by Members other than the Declarant shall be three (3) years. At the Turnover Meeting, the incumbent President of the Association shall determine which Administrator vacancies are to be assigned to which Group by drawing Community names at random in the presence of the Members in attendance at the Turnover Meeting. The first three Community names so drawn shall be the Administrator positions assigned to the Group One, the second three Community names so drawn shall be the Administrator positions assigned to Group Two, and the final three Community names so drawn shall be the Administrator positions assigned to Group Three.

(c) In addition, after Turnover and as 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, thus providing for a total of eleven (11) Administrators. The Declarant shall determine the term of office for Administrators designated by the Declarant.

Section 4. All elections to the Board shall be made by written ballot.

Section 5. (a) *The slate of candidates for election by Members other than Declarant at the Turnover Meeting and subsequent Annual Members' Meetings shall be determined by written solicitation sent by the Board of Administrators to the Members entitled to vote at such Meeting by first class mail to the address for each Member shown on the records of the Association. The Board of Administrators shall also make copies of the solicitation forms available on request at the office of the Association.*

(b) *Any Member who wishes to place his or her name in nomination for election to the Board of Administrators may do so by returning a properly completed nomination form and candidate information sheet in accordance with the directions contained in the written solicitation for nominations. All nomination forms and candidate information sheets must be received at the address designated in the written solicitation no later than the deadline contained in the written solicitation. This method of nomination shall not preclude write-in candidates for vacant Administrator positions or nomination of additional candidates from the floor at any Annual Members' Meeting, so long as the individual nominated from the floor is either present at the Meeting and consents to such nomination or has provided written consent to such nomination to the Secretary of the Association at or prior to the Meeting.*

(c) *No later than thirty (30) days prior to a Meeting at which Members other than the Declarant are entitled to elect Administrators the Board of Administrators shall mail ballots to the Members entitled to vote for Administrator vacancies to be filled at such Meeting. The ballots shall contain the names and candidate information sheets for all candidates who have qualified pursuant to the written nomination process provided for in this Section 5 for an Administrator vacancy to be filled. Ballots shall also include sufficient space for a Member to vote for candidates other than those nominated, provided that any vote for a write-in candidate shall not be counted unless the write-in candidate appears, from the official records of the Association, to be duly qualified to serve as an Administrator for the Community for which the vacancy is to be filled and the write-in candidate has consented to serve if elected as provided in Section 5 (b). All completed ballots that are returned by mail must be mailed to the address designated in the ballot, postage paid, and must be received by the date of the Meeting at which they are to be cast. Ballots that are returned by mail must be received at the designated return address for such ballots by the day before the Meeting date in order to be counted for the election held at that Meeting. Ballots that attempt to vote for more than one candidate for an Administrator vacancy or attempt to vote for an Administrator vacancy for a Community other than the Community where the Member is entitled to vote shall not be counted.*

(d) *Nothing contained in this Section 5 shall preclude a Member otherwise entitled to vote to fill a vacant Administrator position from doing so in person or by proxy at any Meeting where an Administrator election is to be held.*

UNOFFICIAL COPY

4. Article VIII of the Bylaws (Officers) is hereby amended to read:

ARTICLE VIII
OFFICERS

Section 1. The officers of the Owners' Association shall be a President, a Vice President, a Secretary and a Treasurer and such other officers as may be deemed necessary or appropriate by the Board. All Officers must also be an Administrator.

Section 2. The officers shall be chosen by a majority vote of the Administrators.

Section 3. All officers shall hold office at the pleasure of the Board.

Section 4. The President shall preside at all meetings of the Board, shall see that orders and resolutions of the Board are carried out and sign all notes, leases, mortgages, deeds and all other written instruments. The President shall not also be the Secretary.

Section 5. The Vice President shall perform all the duties of the President in his absence and such other duties as the Board shall prescribe.

Section 6. The Secretary of the Owners' Association shall be the ex-officio Secretary of the Board, shall record the votes, and keep minutes of all proceedings in a minute book to be kept for that purpose. He shall keep the records of the Owners' Association. He shall record, using a medium consistent with the Association documents and requirements of Florida law, the names of all Members together with their addresses as registered by such Members (as set forth in Article X, Section 3 hereof).

Section 7. The Treasurer shall receive and deposit in appropriate accounts all monies of the Owners' Association and shall disburse such funds as directed by resolution of the Board, provided however that a resolution of the Board shall not be necessary for disbursements made in the ordinary course of business conducted within the limits of a budget adopted by the Board. Any check issued by the Owners' Association must be signed by two (2) authorized Persons, one (1) of whom shall be the Treasurer or the Assistant Treasurer. The Treasurer shall keep proper books of account and cause an annual accounting of the Owners' Association's books to be made by a certified public accountant in accordance with good accounting practices at the completion of each fiscal year and shall provide Declarant with a copy thereof within thirty (30) days of its preparation. He shall prepare the annual Budget and an annual balance sheet statement and the Budget and balance sheet statement shall be presented to the membership at its regular annual meeting.

UNOFFICIAL COMMENT

5. Article IX of the Bylaws (Committees) is hereby amended to read:

ARTICLE IX
COMMITTEES

Section 1. *The Owners' Association may have the following committees, amongst others:*

- (a) *Design Review Committee;*
- (b) *Maintenance Committee;*
- (c) *Finance Committee;*
- (d) *Community Relations and Communications Committee; and*
- (e) *Social Committee*

Unless otherwise provided herein, each committee shall consist of a Chairperson and two or more persons and shall include a member of the Board for Board contact. Committee members may be appointed by the Board to serve until the close of the next annual meeting. The Board shall have the right to create, from time to time, such other committees as it deems desirable.

Section 2. *The Design Review Committee shall perform such functions prescribed in the Master Documents regarding the initial design and location of all Structures, and all alterations and modifications to existing structures, as the Board shall determine from time to time and advise the Board on all matters pertaining to same, and shall perform such other functions as the Board, in its discretion, determines.*

Section 3. *The Maintenance Committee, if created by the Board, shall advise the Board on all matters pertaining to the maintenance, repair, replacement, or improvement of Common Areas and facilities of the Owners' Association, and shall perform such other functions as the Board, in its discretion, determines.*

Section 4. *The Finance Committee, if created by the Board, shall supervise the annual accounting of the Owners' Association's books and approve the annual budget and balance sheet statement to be presented to the membership at its regular annual meeting. The Treasurer shall be an ex-officio member of the Finance Committee.*

Section 5. *The Community Relations and Communications Committee shall advise the Board and seek response from and provide information to Members on matters pertaining to local community and county relations.*

Section 6. *The Social Committee shall assist the Board in planning social events for Owners in the community.*

Section 7. It shall be the duty of each committee, if created, to receive complaints from Members on any matter involving Owners' Association functions, duties, and activities within its field of responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such other committee, Administrator or officer of the Owners' Association as is further concerned with the matter presented.

Section 8. Nothing contained in this Article IX shall in any way amend or restrict the rights of Declarant to appoint committee members or otherwise deal with committees of the Association in accordance with the rights reserved to Declarant by the Master Declaration.

6. Article X of the Bylaws (Meetings Of Members) is hereby amended to read:

ARTICLE X
MEETINGS OF MEMBERS

Section 1. *Annual Members' Meeting.* The regular, annual meeting of the Members ("Annual Members' Meeting") shall be held at such time on such day of the month of March in each year, and at such place as the Board shall determine. If the day for the Annual Members' Meeting shall fall upon a holiday, the meeting will be held at the same hour on the first day following which is not a holiday.

Section 2. *Special Meetings.* Special meetings of the Members for any purpose may be called at any time by the President of the Owners' Association, a majority of the members of the Board, or upon written request of the Members who have the right to vote one-fourth (1/4) of all of the votes of the entire membership at meetings of the Members.

Section 3. *Notice.* Notice of any meeting shall be given to the Members and Declarant by the Secretary. Notice may be given either personally, or by sending a copy of the notice through the mail, postage prepaid, to the address of Declarant or the Member appearing on the books of the Owners' Association. Each Member shall register his address with the Secretary, and notices of meetings shall be mailed by him to such address. Failure to so register shall release the Secretary from the requirement of sending notice of meeting to such person. Notice of any meeting, regular or special, shall be delivered or mailed at least forty (40), but not more than sixty (60), days in advance of the meeting and shall set forth in general the nature of the business to be transacted, provided, however, that if the business of any meeting shall involve an election governed by Article V, or any action governed by the Articles or by the Master Declaration, notice of such meeting shall be given or sent as therein provided.

Section 4. *Quorum.* The presence at any meeting of the Members or Declarant entitled to cast one-third (1/3) of the votes possessed by the entire membership shall constitute a quorum for any action governed by these Bylaws. Any action governed by the Articles or by the Master Declaration shall require a quorum as therein provided.

7. Article XI of the Bylaws (Voting And Proxies) is hereby amended to read:

ARTICLE XI
VOTING AND PROXIES

Section 1. At all meetings of Members, Declarant and the Members may vote in person or by written ballot, as more fully set forth in the Articles. Members and Declarant shall have the right to vote by proxy.

Section 2. All proxies shall be in writing and filed with the Secretary. No proxy shall extend beyond a period of eleven (11) months.

8. Article XII of the Bylaws (Books And Papers) is hereby amended to read:

ARTICLE XII
BOOKS AND PAPERS

The books, records and papers of the Owner's Association shall, upon prior written request, be subject to inspection by any Member, Institutional Mortgagee or Declarant during normal business hours.

9. Article XIV of the Bylaws (Accounting Records, Fiscal Management) is hereby amended to read:

ARTICLE XIV
ACCOUNTING RECORDS; FISCAL MANAGEMENT

Section 1. Accounting Method. The Owners' Association shall use the accrual method of accounting, as the Board shall determine, all records of which shall be open to inspection by Declarant and Members, or their respective authorized designees at reasonable times upon prior written request. Such authorization of a designee of a Member must be in writing and signed by the Person giving the authorization and dated within sixty (60) days of the date of inspection.

Section 2. Budget. The Board shall adopt a Budget (as provided for in the Master Declaration) of the anticipated Operating Expenses of the Owners' Association for each forthcoming fiscal year at a regular or special meeting of the Board ("Budget Meeting") called for that purpose to be held no later than November 1 of the year prior to the year to which the Budget applies. Within thirty (30) days after adoption of the Budget, a copy thereof shall be furnished to Declarant and each Member. The copy of the Budget shall be deemed furnished and the notice of the Individual Unit Assessment shall be deemed given upon its delivery or upon its being mailed as aforesaid. The failure of the Board to adopt a Budget in a timely fashion shall not abrogate or alter the obligation to pay Operating Expenses.

UNOFFICIAL SUBMIT

Section 3. *Fiscal Year.* In administering the finances of the Owners' Association, the following procedures shall govern: (i) the fiscal year shall be the calendar year; (ii) Assessments shall be made monthly, quarterly, semi-annually, or annually, as determined by the Board.

Section 4. *Payment of Assessments.* Assessments shall be payable as provided for in the Master Declaration.

Section 5. *Deficit Spending.* No Board shall be required to anticipate revenue from Assessments or expend funds to pay for Operating Expenses not budgeted or which shall exceed budgeted items, and no Board is required to engage in deficit spending. Should any deficiency exist which results from there being greater Operating Expenses than monies from Assessments, then such deficits shall be the subject of an adjustment to the applicable Assessment (e.g., Base Assessments, Community Assessments, Neighborhood Assessments, or Special Assessments).

Section 6. *Depository.* The depository of the Owners' Association shall be such bank(s) or savings and loan association(s) as shall be designated from time to time by the Board in which the monies of the Owners' Association shall be deposited. Withdrawal of monies from such account(s) shall be only by checks signed by such individuals as are authorized by the Board. All such funds shall be insured by an agency of the United States Government.

Section 7. *Annual Report.* A report of the accounts of the Owners' Association shall be made annually as set forth in Article VIII, Section 8 hereof and a copy of the report shall be furnished to Declarant and each Member no later than ninety (90) days following the fiscal year for which the report is made. Additionally, a copy of the report shall be furnished to any Institutional Mortgagee upon written request to the Owners' Association.

Section 8. *Notices.* All notices and mailings to the Members or Declarant required under these By-Laws shall be deemed to be furnished to the above-named parties upon their delivery or mailing to the above-named parties shown on the records of the Owners' Association at their last known addresses as shown on the records of the Owners' Association.

10. Article XV, Section 2 of the Bylaws (Amendments - Instrument) is hereby amended to read:

Section 2. *Instrument.* Any instrument amending, modifying, repealing or adding Bylaws shall identify the particular Section or Sections affected and give the exact language of such modification, amendment or addition or of the provisions repealed. A copy of each such amendment, modification, repeal or addition certified to by the Secretary or Assistant Secretary of the Owners' Association shall be recorded amongst the Public Records of the County no sooner than five (5) business days after a copy of same has been delivered to Declarant and each Member.

11. The Secretary of the Association is directed to file a copy of this Amendment in the corporate records of the Association and record the Amendment in the Public Records of