

AMENDMENT TO ARTICLES OF INCORPORATION
HAMMOCK DUNES OWNERS' ASSOCIATION, INC.

This Amendment to the Articles of Incorporation for Hammock Dunes Owners' Association, Inc., a Florida corporation not-for-profit ("Amendment") is made this 8th day of June, 2004, by HD ASSOCIATES, L.P., a Delaware limited partnership, as successor to ITT 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, along with the Master Declaration, Declarant adopted and filed with the Secretary of State, State of Florida Articles of Incorporation for Hammock Dunes Owners' Association, Inc., a Florida corporation not-for-profit, which corporation was formed to be the Association referred to in the Master Declaration;

WHEREAS, since the recording of the Master Declaration and the formation of the Association, 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, 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 has, by the Second Amendment to the Master Declaration dated June 8, 2004, amended 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;

WHEREAS, Declarant, pursuant to the provisions of Paragraph A. 3. of Article XIII of the Articles, Declarant reserved the right to modify the provisions of the Articles in order to conform the Articles to amendments made to the Master Declaration pursuant to the amendment powers reserved to the Declarant;

WHEREAS, Declarant desires to amend the Articles to conform the terms of the Articles to the provisions contained in the Second Amendment to the Master Declaration and in order to provide a more efficient system for the casting of Member votes on Association matters in light of the final number of Communities and Neighborhoods in Hammock Dunes Private Community;

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

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 V, Paragraph E. 2. of the Articles (Voting Rights, Casting of Votes) is hereby amended to read:

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 Chief Executive Officer or other Club officer duly authorized by the Board of Governors. The representative of the Hammock Dunes Club shall cast the votes of the Club as the Board of Governors 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 the Club representative 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 Club representative may cast fewer than the total number of votes possessed by the Club.*

(c) *Residential Members. Each Residential Member shall cast its vote personally by paper ballot on all issues for which a vote of the Members of the Owners' Association is required.*

3. Article V, Paragraph E. 3. of the Articles (Voting Rights, Election of Voting Members) is hereby deleted in its entirety.

4. Article VIII, Paragraph B of the Articles (Officers) is hereby amended to read as follows:

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 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. All Officers must be Administrators entitled to vote. 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.

5. Article X, Paragraphs C. 1, 2 & 3. of the Articles (Board of Administrators) are hereby amended to read as follows:

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 Members 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 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 Members shall elect one (1) Administrator from each Community, for a maximum of nine (9) Administrators in the manner provided in the By-Laws. At all Annual Members' Meetings beginning with the Annual Members' Meeting of 2006, the Members shall elect Administrators from each Community as provided in the By-Laws. 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 entitled to vote. Notice of the Turnover meeting shall be given as provided in Article X, Section 3 of the By-Laws.*

4. *At the Turnover meeting, the Hammock Dunes Club shall have the right, but not the obligation, to designate one (1) additional non-voting Administrator and his/her successors ("Club Administrator"). The Club Administrator shall be entitled to attend and participate in all meetings of the Administrators and shall serve as an advisor to the Board of Administrators with respect to issues in the Community of interest to the Hammock Dunes Club, but shall not be entitled to vote on any issue before the Board of Administrators. The Club Administrator shall be appointed by the Board of Governors of the Club in the manner determined by the Governors, who shall also be authorized to remove the Club Administrator at any time, upon notice to the Board of Administrators, and name a replacement or successor Club Administrator.*

6. Article X, Paragraph E. of the Articles (Board of Administrators) is hereby amended to read as follows:

E. *At the Turnover meeting and thereafter, Members may cast their votes for Administrators only for the Administrator vacancy set aside for their respective Communities.*

7. Article XIII, Paragraphs A. 1 and 2 of the Articles (Amendments) are hereby amended to read as follows:

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 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 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, at least two-third (2/3) of all of the Members entitled to vote at meetings of the Members, and Declarant setting forth their intention that an amendment to these Articles be adopted.*

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Signatures Continue on Next Page)

UNOFFICIAL DOCUMENT

The foregoing amendment is hereby adopted by the Declarant as of the date first above written, as evidenced by the signature of the Declarant affixed hereto by its duly authorized officer.

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

Sterling D. Colee
Print name: STERLING D. COLEE

By: Terry Pendleton
Terry Pendleton, Vice President

STATE OF FLORIDA
COUNTY OF FLAGLER

The foregoing Amendment to Articles of Incorporation was acknowledged before me this 8th day of June, 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: _____



UNOFFICIAL DOCUMENT

A copy of this Amendment has been filed in the corporate records of the Hammock Dunes Owners' Association, recorded in the Public Records of Flagler County, Florida and filed with the Office of the Secretary of State of the State of Florida in compliance with Article XIII of the Articles of Incorporation.

Dated June 8th, 2004



Sterling D. Colee, Secretary
Hammock Dunes Owners' Association, Inc.

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