

**MASTER DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR HAMMOCK BEACH**

THIS DOCUMENT PREPARED BY:

**Robert A. Leapley, Esquire
Pappas Metcalf Jenks & Miller, P.A.
200 West Forsyth Street, Suite 1400
Jacksonville, FL 32202-4327**

**MASTER DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR HAMMOCK BEACH**

TABLE OF CONTENTS

ARTICLE I.

DEFINITIONS	2
-------------------	---

ARTICLE II.

PROPERTY SUBJECT TO THIS MASTER DECLARATION AND ADDITIONAL PROPERTY	7
Section 1. Property Subject to Master Declaration	7
Section 2. Additional Property	7
Section 3. Method of Annexation	7
Section 4. Non-Binding General Plan of Development	8
(a) Purpose	8
(b) Amendments	8
(c) Interpretation	9
Section 5. Merger or Consolidation	9
Section 6. Hammock Beach Club Property and Golf Course Property	9

ARTICLE III.

STRUCTURE, POWERS AND DUTIES OF, AND MEMBERSHIP AND VOTING RIGHTS IN, THE ASSOCIATION	9
Section 1. Association	9

ARTICLE IV.

PROPERTY RIGHTS IN THE COMMON PROPERTY	10
Section 1. Title to Common Property	10
Section 2. Member's Easements of Enjoyment	11
Section 3. Extent of Owner's Easements	11
Section 4. Easement Reserved to Declarant Over Common Property	12
Section 5. Beneficiaries	13
Section 6. Easement for Encroachments	13
Section 7. Access, Ingress and Egress: Roadways	14
Section 8. Easements for Association	14

Section 9.	Golf Ball Flight and Retrieval Easement	14
Section 10.	Golf Cart Path Easements	15
Section 11.	Assumption of Risk and Indemnification	15
Section 12.	Future Easements and Modifications	16
Section 13.	Maintenance Easement	16
Section 14.	Drainage Easements	16
Section 15.	Wells and Effluent	17
Section 16.	Roadways Within Development	17
Section 17.	Changes in Boundaries and Withdrawal of Property from Common Property	18
Section 18.	Enforcement	18

ARTICLE V.

INSURANCE AND CASUALTY LOSSES	18
-------------------------------------	----

ARTICLE VI.

COVENANT FOR ASSESSMENTS	19
Section 1. General	19
(a) Creation of the Lien and Personal Obligation of Assessments ..	19
(b) Exempt Property	20
Section 2. Purpose of Assessments	20
Section 3. Determination of Annual Assessments	22
(a) Operating Budget	22
(b) Capital Budget	22
(c) Recreational Amenities	22
(d) Adoption of Budget	22
(e) Allocation of Assessments	23
Section 4. Special Assessments	23
(a) Special Assessments	23
(b) Individual Assessment	23
Section 5. Date of Commencement of Assessments; Initial Annual Assessment; Due Dates	23
Section 6. Assessments	24
Section 7. Certificate of Payment	24
Section 8. Effect of Non-payment of Assessment	24
Section 9. Subordination	25
Section 10. Subsidies	26
Section 11. Working Capital	26
(i) Non-Timeshare Condominiums	26
(ii) Timeshare Condominiums	26
(iii) Other Residential Units	26

ARTICLE VII.

EXTERIOR MAINTENANCE	27
Section 1. Owner's Association Responsibilities; Default	27
Section 2. Assessment of Cost	28
Section 3. Access at Reasonable Hours	28
Section 4. Association Maintenance Responsibility	28
Section 5. Exculpation from Liability and Responsibility	29
Section 6. Community Development District	29

ARTICLE VIII.

MISCELLANEOUS COVENANTS	30
Section 1. Compliance with Law and Development Order	30
Section 2. Water Wells and Septic Tanks	30
Section 3. Landscaping	30
Section 4. Obnoxious or Offensive Activity	31
Section 5. Rules and Regulations	31
Section 6. Animals	31
Section 7. Garbage and Trash	32
Section 8. Storage Receptacles	32
Section 9. Vehicles	32
Section 10. Golf Carts	32
Section 11. Temporary Structures	33
Section 12. Signs	33
Section 13. Air Conditioning Equipment	33
Section 14. Drainage Structures	33
Section 15. Receiving and Transmitting Devices	33
Section 16. Further Subdivision	34
Section 17. Additional Restrictions	34
Section 18. Completion of Construction	34
Section 19. Excavation	34
Section 20. Mailboxes	34
Section 21. Changes to Development Plan or Development Order	34
Section 22. Fences	35
Section 23. Lights	35
Section 24. Security Systems	35
Section 25. Dune Preservation	35
Section 26. Exempt Property	35

ARTICLE IX.

AMENDMENT	36
Section 1. Amendments by Owners	36
Section 2. Amendments by Declarant	37

Section 3. Amendments Regarding Surface Water or Stormwater Management System	38
---	----

ARTICLE X.

PARTY WALLS OR PARTY FENCES	38
Section 1. General Rules of Law to Apply	38
Section 2. Sharing of Repair and Maintenance	38
Section 3. Destruction by Fire or Other Casualty	39
Section 4. Weatherproofing	39
Section 5. Right to Contribution Runs with Land	39
Section 6. Arbitration	39

ARTICLE XI.

COVENANTS COMMITTEE	39
Section 1. Committee	39
Section 2. Hearing Procedure	40
(a) Demand to Cease and Desist	40
(b) Notices	40
(c) Hearing	41

ARTICLE XII.

DURATION AND TERMINATION	41
--------------------------------	----

ARTICLE XIII.

ENFORCEMENT	41
Section 1. Remedies	41
Section 2. Lessees to Comply with Master Declaration, Articles and Bylaws – Effect on Non-Compliance	42

ARTICLE XIV.

GOLF COURSE PROPERTY	42
Section 1. Golf Course Property	42
Section 2. Limitation	43
Section 3. Enforcement	43

ARTICLE XV.

HAMMOCK BEACH CLUB PROPERTY	43
Section 1. Hammock Beach Club Property	43
Section 2. Limitation	44
Section 3. Rights of Access, Parking and Stormwater Drainage	44

Section 4.	Limitations on Amendment	45
Section 5.	Applicability	45
Section 6.	Assumption of Risk and Indemnification	45
Section 7.	Enforcement	45

ARTICLE XVI.

MISCELLANEOUS		46
Section 1.	Number and Gender	46
Section 2.	Severability	46
Section 3.	Headings	46
Section 4.	Notices	46

EXHIBIT LIST

EXHIBIT A	PROPERTIES
EXHIBIT B	ARTICLES OF INCORPORATION
EXHIBIT C	BYLAWS

**MASTER DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR HAMMOCK BEACH**

THIS MASTER DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR HAMMOCK BEACH (this "Master Declaration") is made this 24th day of April, 2001, by **NORTHSHORE OCEAN HAMMOCK INVESTMENT, L.P.**, a Georgia limited partnership, whose address is 5 Blue Heron Lane, Palm Coast, Florida 32137 ("Northshore").

RECITALS:

A. Declarant is the owner of the Properties.

B. Declarant intends to develop and improve some or all of the Properties as a mixed use residential and commercial development with streets, street lights, open spaces, greenbelts and stormwater drainage and retention areas, and other common areas and improvements for the benefit of the Owners of the Properties.

C. Declarant desires to provide for the preservation and enhancement of the property values and quality of life in the Properties, the personal and general health, safety and welfare of the Owners, and for the maintenance of streets, street lights, stormwater drainage and retention areas and improvements, open spaces, greenbelts and other common areas and improvements located in the Properties, and, to this end, desires to subject the Properties to this Master Declaration.

D. In order to provide a means for meeting the purposes and intents herein set forth, Declarant has created a non-profit corporation to which may be conveyed title and delegated and assigned the powers of maintaining and administering the community properties and facilities, administering and enforcing the covenants and restrictions, and collecting and disbursing the assessments and other charges hereinafter created.

DECLARATIONS:

NOW, THEREFORE, Declarant, for itself and its successors and assigns, declares that, the Properties are and shall be held, improved, used, occupied, leased, transferred, mortgaged, sold and conveyed subject to all of the reservations, covenants, conditions, restrictions, easements, charges and liens hereinafter set forth.

DEFINITIONS

Section 1. The following words when used in this Master Declaration or any Supplemental Declaration (unless the context shall prohibit) shall have the following meanings:

(a) "Additional Property" shall mean and refer to any real property, together with any improvements thereon, which is made subject to this Master Declaration under the provisions of Article II hereof.

(b) "Area of Common Responsibility" shall mean and refer to any services, lands or facilities (other than Common Property) which are to be provided, operated, maintained and/or improved by or for the Association at Common Expense and as the result of (i) specific designation of an Area of Common Responsibility by this Master Declaration, any Supplemental Declaration, or any plat of the Properties, (ii) a contract entered into with a third party by the Association or Declarant, or (iii) decision of the Board. Any of the Areas of Common Responsibility may be delegated by the Association to the CDD, in which event the payment obligations to the CDD shall constitute Common Expense.

(c) "Articles" shall mean and refer to the Articles of Incorporation of the Association, a copy of which is attached as Exhibit "B" to this Master Declaration.

(d) "Association" shall mean and refer to the Hammock Beach Property Owners Association, Inc., a Florida corporation not for profit, or its successors and assigns.

(e) "Board" or "Board of Directors" shall mean and refer to the Board of Directors of the Association.

(f) "Bylaws" shall mean and refer to the Bylaws of the Association, a copy of which is attached as Exhibit "C" to this Master Declaration.

(g) "CDD" shall mean and refer to the Dunes Community Development District.

(h) "Common Expense" shall mean and refer to the liabilities and expenses incurred by the Association in the performance of the duties of the Association, including, without limitation, the costs incurred for operation, maintenance and improvement of the Common Property and the Areas of Common Responsibility, and any reserves established by the Board.

(i) "Common Property" shall mean and refer to all those lands, together with any improvements located thereon, and all personal property, from time to time devoted to the use and enjoyment of the Owners of the Properties and owned, operated and maintained by the Association at Common Expense. "Common Property" includes, without limitation, any platted parcel which is part of the Properties and which is designated by Declarant on any plat or in any other recorded instrument for ownership and maintenance by the Association. **Notwithstanding anything to the contrary contained in this Master Declaration, Common Property shall not include any portion of the Hammock Beach Club Property or the Golf Course Property.**

(j) "Declarant" shall mean and refer to Northshore Ocean Hammock Investment, L.P., a Georgia limited partnership, and its successors and assigns. No successor or assignee of Declarant shall have any rights or obligations of Declarant hereunder unless such rights or obligations are specifically set forth in the instrument of succession or assignment or unless such rights pass by operation of law.

(k) "Development Order" shall mean and refer to the Hammock Dunes Development of Regional Impact Development Order adopted pursuant to Section 380.06(20), Florida Statutes, as Resolution Number 84-7 of the Board of County Commissioners of Flagler County, Florida, as amended by Amendment to the Development Order adopted as Resolution Number 95-50 of the Board of County Commissioners of Flagler County, Florida, as further amended by Amendment to the Development Order adopted as Resolution Number 98-10 of the Board of County Commissioners of Flagler County, Florida, as amended by Amendment to the Development Order adopted as Resolution Number 98-56 of the Board of County Commissioners of Flagler County, Florida, and as further amended from time to time.

(l) "Development Plan" shall mean and refer to the non-binding, general schemes of intended improvement and use of the Properties, as adopted, amended or approved from time to time by Declarant as to the Properties.

(m) "Equivalent Unit" shall mean and refer to each of the following units of measurement for purposes of determining the votes or share of assessments allocable to each Unit:

- (i) Each Residential Unit is assigned 1.0 Equivalent Unit (excluding non-condominium apartment Units)
- (ii) Each non-condominium apartment is assigned 1.0 Equivalent Unit.
- (iii) Each Non-residential Unit is assigned Equivalent Units computed as follows: Each 5,000 square feet of floor area of

improvements comprising part of each Non-residential Unit (other than any hotel parcel), rounded to the nearest 5,000 square feet, shall be allocated 1.0 Equivalent Unit. If any Non-residential Unit contains less than 5,000 square feet, it shall be allocated 1.0 Equitable Unit. Each space subject to occupancy as a separate hotel room shall be allocated 1.0 Equivalent Unit. For purposes hereof, "improvements" shall mean and refer to any air-conditioned structure intended for non-residential or hotel use and occupancy for which Flagler County, Florida, has issued a certificate of occupancy or equivalent.

(n) "Golf Course Property" shall mean the real property located in Flagler County, Florida, owned by the Golf Course Property Owner, or its successors or assigns, together with all improvements from time to time located thereon. **THE GOLF COURSE PROPERTY IS NOT COMMON PROPERTY.**

(o) "Golf Course Property Owner" shall mean Lowe Ocean Hammock, Ltd., a Florida limited partnership ("Lowe"), or one of its successors, assigns or affiliates which owns or operates all or a portion of the Golf Course Property.

(p) "Hammock Beach Club Owner" shall mean Northshore Ocean Hammock Investment, L.P., a Georgia limited partnership, or one of its successors, assigns or affiliates doing business as The Club at Hammock Beach, which owns or operates the Hammock Beach Club Property.

(q) "Hammock Beach Club Property" shall mean all of the real property located in Flagler County, Florida, owned by the Hammock Beach Club Owner, or its successors or assigns, together with all of the recreational and social facilities constructed thereon, if any, which will be operated by the Hammock Beach Club Owner and operated as part of the Club at Hammock Beach, including, but not limited to, Parcel C of the Northshore Plat Five as recorded in Plat Book 32, page 38, of the public records of Flagler County, Florida, or its successors and assigns, and commonly known and referred to herein as The Club at Hammock Beach. **THE HAMMOCK BEACH CLUB PROPERTY IS NOT COMMON PROPERTY.**

(r) "Limited Common Property" shall mean those lands, together with any improvements located thereon, and all personal property from time to time designated by the Declarant with respect to the Declarant's portion of the Properties, as being reserved exclusively for the use and enjoyment of all or a designated class of owners.

(s) "Lot" shall mean and refer to each platted parcel of land in the Properties which is subject to separate ownership and intended for use as a site for construction and maintenance of a single family dwelling, whether or not yet improved.

(t) "Master Declaration" shall mean and refer to this Master Declaration of Covenants, Conditions and Restrictions for Hammock Beach, as amended and supplemented from time to time.

(u) "Member" shall mean and refer to each Subassociation, the Declarant, the Hammock Beach Club Owner and each Owner who is not a member of a Subassociation.

(v) "Non-residential Unit" shall mean and refer to each portion of the Properties containing commercial, industrial, institutional, resort, recreational or other non-residential or hotel use, whether improved or unimproved, held under one ownership (which may include, without limitation, ownership by co-tenancy, joint tenancy or tenancy-in-common) which is used or is designated on the site plan thereof approved by applicable governmental authorities for use for non-residential or hotel purposes. "Non-residential Unit" shall include, without limitation, any interest in real property appurtenant to the ownership of the Non-residential Unit and all improvements on the Non-residential Unit. The term may include, by way of illustration and not limitation, hotels, retail centers, office buildings, conference centers, medical centers, visitor attractions and other commercial, industrial and institutional buildings, establishments, facilities and complexes, if any. The term shall not include Common Property or property dedicated to the public unless otherwise specified in the deed conveying such property. Each Non-residential Unit shall be exempt from Assessments hereunder until such time as any building improvements comprising part of that Non-residential Unit have been substantially completed, as evidenced by the issuance by applicable governmental authorities of a certificate of occupancy or equivalent.

(w) "Owner" shall mean and refer to the record holder, whether one or more persons or entities, of fee simple title to any Unit in the Properties, including, without limitation, Declarant and the Hammock Beach Club Owner; but, notwithstanding any applicable theory of the law of mortgages, Owner shall not mean or refer to any mortgagee unless and until such mortgagee has acquired title pursuant to foreclosure proceeding or a conveyance in lieu of foreclosure. For purposes of this Master Declaration, all owners of time share intervals as to each dwelling shall constitute a single Owner. All Owners of each Unit shall be treated for all purposes as a single Owner for that Unit, irrespective of whether such ownership is joint, in common or tenancy by the entirety. Declarant shall be an Owner for so long as it owns any portion of the Properties.

(x) "Properties" shall mean and refer to all the lands and improvements described in Exhibit "A" attached hereto, together with any Additional Properties actually

annexed to the operation and effect of this Master Declaration from time to time under the provisions of Article II of this Master Declaration, if and when any such Additional Properties are annexed, and excluding any lands and improvements withdrawn from the provisions hereof in accordance with the procedures set forth in this Master Declaration.

(y) "Recreational Amenities" shall mean and refer to those facilities, services or amenities, if any, such as, but not limited to, clubhouses, swimming pools, docks, parks, gazebos, leisure trails, bike paths and gardens located within the Common Property or Limited Common Property and designated in writing by Declarant as being reserved exclusively for the use and enjoyment of all or a designated class of Owners of Residential Units and Owners of non-condominium residential apartment buildings. **The Recreational Amenities shall not include the facilities or areas located within the Golf Course Property or the Hammock Beach Club Property.**

(z) "Residential Unit" shall mean and refer to each separately described portion of the Properties, whether attached or detached and each non-condominium residential apartment unit, which is intended to be occupied as a single family residence or household, including, without limitation, each Lot (together with the residence, if any, constructed thereon), non-condominium residential apartment unit, cooperative unit, condominium unit, zero lot line dwelling, patio home, townhouse, cluster home, and any other form of residential occupancy or ownership now existing or hereafter created. In the case of a structure which contains multiple dwelling units, each dwelling shall be deemed a separate Residential Unit. In the case of a building containing timeshare units, each separate dwelling therein shall be deemed a separate Residential Unit for purposes of assessments (although not liens for same, which shall attach to the underlying land and improvements as a whole). All assessments for timeshare units shall be based on one unit per dwelling (not one per interval), and the condominium association with jurisdiction over such unit shall be responsible for collecting all assessments and contributing same to the Association. "Residential Unit" shall include in its meaning any interest in real property appurtenant to the ownership of the Residential Unit. Each Residential Unit shall be exempt from assessments hereunder until such time as a plat creating a subdivision or a declaration of condominium describing a condominium regime for that Residential Unit is recorded in the public records of Flagler County, Florida.

(aa) "Subassociation" shall mean any residential, commercial property or mixed use owners or condominium association formed as a Florida non-profit corporation whose members are comprised of Owners, except that the Association shall not be considered a Subassociation for purposes of this Master Declaration.

(bb) "Subassociation Common Property" shall mean and refer to all those lands, together with any improvements located thereon, and all personal property from time to time devoted to the use and enjoyment of the members of the Subassociation and owned, operated and maintained by the Subassociation for the benefit of its members.

(cc) "Supplemental Declaration" shall mean and refer to any declaration of covenants, conditions and restrictions executed by Declarant and by the owner of the affected lands if same are not owned by Declarant, which extends the provisions of this Master Declaration.

(dd) "Surface Water Management System" shall mean and refer to all land, easements and other facilities and appurtenances which together constitute and comprise the master surface water management and drainage system with respect to the land shown on the plans therefor approved by Flagler County, Florida, and the St. John's River Water Management District (as same may be modified and amended from time to time).

(ee) "Unit" shall mean and refer to a Residential Unit or a Non-Residential Unit. A Unit shall be created upon the earlier to occur of (i) recordation of the subdivision plat or a condominium declaration therefor; or (ii) approval of the site plan therefor by the governmental authority having jurisdiction thereof, as the case may be, and whether or not the improvements to be constructed thereon are complete.

ARTICLE II.

PROPERTY SUBJECT TO THIS MASTER DECLARATION AND ADDITIONAL PROPERTY

Section 1. Property Subject to Master Declaration. All of the Properties are, and shall be, subject to the encumbrance, operation and effect of this Master Declaration. Upon and after annexation of each Additional Property, the Additional Property so annexed shall be held, improved, used, occupied, mortgaged, leased, transferred, sold and conveyed, subject to the reservations, covenants, conditions, restrictions, easements, charges and liens set forth in this Master Declaration, as amended, and the applicable Supplemental Declaration.

Section 2. Additional Property. Declarant (joined by the owner of the lands if other than Declarant) shall have the sole right, but not the obligation, to bring within the encumbrance of this Master Declaration, as Additional Property, additional lands and improvements. In addition, Declarant reserves the right but shall not be obligated to annex any other lands in the general vicinity of the Development Plan. Annexation may be accomplished without the consent of the Association, the Members, the Owners, the occupants of the Properties or any mortgage or lien holder.

Section 3. Method of Annexation. The additions authorized under this Article shall be made by filing of record a Supplemental Declaration with respect to the Additional Property which shall extend the operation and effect of this Master Declaration to such Additional Property. The Supplemental Declaration shall describe the real property to be annexed and shall state that it is being made pursuant to the terms of this Master

Declaration for the purpose of annexing property to the scheme of this Master Declaration and extending the jurisdiction of the Association to the Additional Property. The Supplemental Declaration may contain such terms and provisions not inconsistent with this Master Declaration as may be desirable to reflect the different character, if any, of the real property being annexed or the various housing or community style characteristics, commercial uses, or development approaches being implemented, all of which may be significantly at variance with earlier phases of the Properties. The Supplemental Declaration shall be executed by the Declarant and shall contain the joinder of the owner of the Additional Property, if other than the Declarant. Owners, upon recordation of any Supplemental Declaration, shall also have a right and non-exclusive easement of use and enjoyment in and to the Common Property within the real property so annexed and an obligation to contribute to the cost of management, operation and maintenance of such Common Property within the annexed lands. Any Supplemental Declaration recorded in accordance with the terms hereof shall be conclusive in favor of all persons who rely thereon in good faith. From and after recordation of any Supplemental Declaration, the Additional Property described therein shall be subject to the provisions of this Master Declaration and to the jurisdiction of the Association. As to any Additional Property brought within the operation and effect of this Master Declaration, the owner thereof or Declarant may also subject such Additional Property to a declaration of condominium or other covenants and restrictions not inconsistent with this Master Declaration.

Section 4. Non-Binding General Plan of Development.

(a) Purpose. The Development Plan is the dynamic design for the development of the lands included within the Development Plan, which design may be modified and amended from time to time during the course of development and sale of those lands. The Development Plan shall not bind Declarant to make the additions to the Properties which are shown on the Development Plan or to improve any portion of such real estate in accordance therewith. Nothing herein shall be interpreted as requiring annexation of any of said lands or any other lands owned by Declarant, or, if annexed, that they be annexed in any particular sequence or configuration or that they be annexed in whole tracts. Nothing in this Master Declaration or in any Supplemental Declaration shall be construed to affect or encumber any portion of the lands in the Development Plan or any other lands owned by Declarant prior to annexation.

(b) Amendments. Declarant hereby reserve the right to amend the Development Plan in response to changes in market, technological, economic, environmental, demographic, social or other conditions affecting the development or marketing of the Properties and in response to changes in the requirements of government agencies or financial institutions.

(c) Interpretation. Nothing contained in this Master Declaration, any Supplemental Declaration or the Development Plan shall be interpreted to:

(i) Require Declarant or any other person or entity to annex any real property to the operation and effect of this Master Declaration; or

(ii) Prevent any property not annexed to the Properties from being subjected to another, independent declaration or scheme of development, even though such property may be encompassed by the Development Plan.

The community contemplated by this Master Declaration, including parcels of land subject to potential annexation, includes a variety of development types, values and uses.

Section 5. Merger or Consolidation. Upon a merger or consolidation of the Association with another association, the properties, rights and obligations of the Association may, by operation of law, be transferred to the surviving or consolidated association or, alternatively, the properties, rights and obligations of another association may, by operation of law, be added to the properties, rights and obligations of the Association as a surviving corporation pursuant to a merger or consolidation. The surviving or consolidated association may administer the covenants and restrictions established by this Master Declaration and any Supplemental Declaration within the Properties, together with the covenants and restrictions established upon any other properties, as one scheme. No such merger or consolidation, however, shall effect any revocation, change or addition to the covenants established by this Master Declaration or any Supplemental Declaration within the Properties.

Section 6. Hammock Beach Club Property and Golf Course Property. Declarant, the Golf Course Property Owner and the Hammock Beach Club Property Owner make no representations, guaranties, commitments or promises that the Hammock Beach Club Property or the Golf Course Property will ever be improved with any golf or recreational facilities or operated as contemplated. All information with respect to the Hammock Beach Club Property and the Golf Course Property can only be obtained from the Membership Plan Documents described in Articles XIV and XV hereof.

ARTICLE III.

STRUCTURE, POWERS AND DUTIES OF, AND MEMBERSHIP AND VOTING RIGHTS IN, THE ASSOCIATION

Section 1. Association. The Association shall be a non-profit corporation charged with the duties and vested with the powers prescribed by law and set forth in the Articles, the Bylaws and this Master Declaration. The Members of the Association shall have the voting and other rights as provided in the Articles, the Bylaws and this Master Declaration. The Articles and Bylaws are subject to amendment in accordance with their respective

provisions; and it shall not be necessary to amend this Master Declaration in order to amend the Articles or the Bylaws; provided, however, neither the Articles nor the Bylaws shall, for any reason, be amended or otherwise changed or interpreted so as to be inconsistent with this Master Declaration. In the event of any such inconsistency, the provisions of this Master Declaration shall prevail.

ARTICLE IV.

PROPERTY RIGHTS IN THE COMMON PROPERTY

Section 1. Title to Common Property. Declarant may retain the legal title to all or any portion or portions of the Common Property until such time as it has completed improvements thereon and until such time as, in the opinion of Declarant, the Association is able to maintain the same. Declarant may convey or turn over certain items of the Common Property and retain others. In consideration of the benefits accruing to the Association and to the Owners under this Master Declaration and in consideration of the covenants and agreements of the Declarant hereunder, the Association hereby agrees to accept title to any Common Property, or to any interest in Common Property, now or hereafter conveyed to it pursuant to the terms and conditions of this Master Declaration. Upon the due recording of a deed, easement, lease or other instrument or memorandum of conveyance to the Association in the Public Records of Flagler County, Florida, title or such other interest in Common Property conveyed shall vest in and to the Association without the necessity of any further act, deed or approval of any person, including, but not limited to, the grantor, lessor and/or Association. Property interests transferred to the Association by Declarant may include fee simple title, easements, leasehold interests and licenses to use. Any fee simple interest in property transferred to the Association by Declarant shall be transferred to the Association by quit claim deed, subject to the terms of this Master Declaration, and subject to any and all easements, rights-of-way, reservations, covenants, conditions, restrictions, equitable servitudes and other encumbrances of record or reserved by Declarant in the instrument of conveyance, including, but not limited to, any access easements reserved by the Declarant or the right to connect any of the streets within the Properties. The instrument by which Declarant conveys any property or interest in property to the Association may impose special restrictions governing the uses of such property and special obligations on the Association with respect to the maintenance of such property.

The Association shall accept "as is" the conveyance of Common Property without any representation or warranty, express or implied, in fact or by law, with respect thereto, or with respect to the improvements and repairs to be completed after the conveyance, including, without limitation, representations or warranties of merchantability or fitness for the ordinary or any particular purpose, and without any representations or warranties regarding future repairs or regarding the condition, construction, accuracy, completeness, design, adequacy of the size or capacity in relation to the utilization, date

of completion or the future economic performance or operation of, or the materials or furniture which has been or will be used in such property or repairs, except as set forth herein.

In order to preserve and enhance the property values and amenities of the Properties, the Common Property and all landscaping, drainage and other improvements now or hereafter built or installed thereon shall at all times be maintained in good repair and condition and shall be operated in accordance with high standards.

Section 2. Member's Easements of Enjoyment. Subject to the provisions of this Master Declaration, the Association, Declarant (until Declarant transfers ownership of the last Unit in the Development Plan owned by Declarant) and every Owner shall have a non-exclusive right, license, privilege and easement of use and enjoyment in and to the Common Property and such rights shall be appurtenant to and shall pass with the title to every Unit in the Properties. Said rights shall include, but not be limited to, the following:

(a) Right-of-way for ingress and egress by vehicles or on foot, in, through, over, under and across the streets, roads and walks in the Common Property for all lawful purposes;

(b) Rights and easements of drainage across stormwater drainage and retention structures and areas, and to connect with, maintain and make use of utility lines, wires, pipes, conduits and cable television lines which may from time to time be in or along the streets and roads or other areas of Common Property; and

(c) Rights to use and enjoy the Common Property for any purpose not inconsistent with this Master Declaration, any applicable Supplemental Declaration, the Bylaws and rules and regulations of the Association, or governmental regulations.

Section 3. Extent of Owner's Easements. The rights and non-exclusive easements of use and enjoyment created hereby shall be subject to the following:

(a) The Association, subject to the rights of Declarant and the Owners set forth in this Master Declaration, shall be responsible for the exclusive management and control of the Common Property and all improvements thereon;

(b) The easements and rights of Declarant reserved by this Master Declaration;

(c) The right of the Association to borrow money (a) for the purpose of improving the Common Property or any Area of Common Responsibility, (b) for acquiring additional Common Property, (c) for constructing, repairing, maintaining or improving any facilities located within the Common Property or any Area of Common Responsibility, or (d) for providing the services authorized herein, and to give as security for the payment of

any such loan a mortgage or other security instrument conveying all or any portion of the Common Property; provided, however, that the lien and encumbrance of any such security instrument given by the Association shall be subject and subordinate to any and all rights, interest, licenses, easements, and privileges herein reserved or established for the benefit of Declarant, any Owner, or the holder of any Mortgage, irrespective of when such Mortgage is executed or given;

(d) The rights and easements specifically reserved in this Master Declaration for the benefit of the Association;

(e) The rights and easements reserved in this Master Declaration for the benefit of the Golf Course Property and the Hammock Beach Club Property; and

(f) Any other rights, encumbrances or easements affecting the easements of use and enjoyment provided for herein.

Section 4. Easement Reserved to Declarant Over Common Property. Declarant hereby reserves to itself and its successors and assigns, such licenses, rights, privileges and easements in, through, over, upon and under all Common Property, including, but not limited to: (1) the right to use the said Properties for rights-of-way and easements to erect, install, maintain, inspect and use electric and telephone poles, wires, cables, conduits, sewers, water mains, pipes, telephone and electrical equipment, gas, cable television, drainage facilities, ditches or lines, or other utilities or services and for any other materials or services necessary or convenient for the completion, marketing, use and enjoyment of the Properties; (2) the right to cut any trees, bushes or shrubbery, make any grading of the soil, or take any other similar action reasonably necessary to provide economical and safe utility installation and to maintain reasonable standards of health, convenience, safety and appearance; (3) the right to locate thereon wells, pumping stations and irrigation systems and lines; (4) the right and easement of ingress and egress for purposes of development, construction and marketing; (5) the right and easement to install, maintain, repair and replace improvements to or upon the Common Property; and (6) such other rights as may be reasonably necessary to complete in an orderly and economic manner the development of all present and future phases of the Development Plan; provided, however, that said reservation and right shall not be considered an obligation of Declarant to provide or maintain any such utility, development, improvement or service. Declarant also reserves the right to connect with and make use of the utility lines, wires, pipes, conduits, cable television, sewers and drainage and other utility lines which may from time to time be in or along the streets and roads, or within the Common Property, easements, or green belts. Declarant and the Association and their respective agents, employees, contractors, licensees, successors, and assigns may carry on such activities as may be reasonably required, convenient, or incidental to the construction, completion, improvement, maintenance, repair, operation and sale of the whole or any portion of the Properties, including, without limitation, the installation and operation of sales and construction trailers

and offices, signs and model dwellings. The right of Declarant to maintain and carry on such facilities and activities shall include specifically the right to use dwellings as model residences, and to use any dwellings as an office for the sale of Units and for related activities. Finally, Declarant reserves the right to use the Common Property in its efforts to market the Properties. The easements and rights-of-way herein reserved shall continue in existence in favor of Declarant after conveyance of Common Property to the Association until such time as Declarant has sold all lands in the Development Plan. If a building or other improvement has been or is proposed to be erected within the Properties in such a manner as to constitute a violation of, variance from, or encroachment into, the covenants and restrictions set forth in, or easements granted or reserved by this Master Declaration, the Declarant shall have the right to waive or release the violation, variance or encroachment without the consent or joinder of any person so long as the Declarant, in the exercise of its sole discretion, determines in good faith that such waiver or release will not materially and adversely affect the health and safety of Owners, the value of adjacent portions of the Properties, and the overall appearance of the Properties. This Section may not be amended without the written consent of Declarant.

Notwithstanding any provision of this Master Declaration to the contrary, the Declarant shall have the right to specifically define or amend the boundaries or extent of any easement, license, or use right reserved or granted pursuant to the terms hereof. At any time, the Declarant shall have the right to execute and record an instrument which shall specifically define or amend the boundary and extent of any such easement, license or use right, or the Declarant may specifically define or amend such boundaries by the designation thereof on one or more recorded plats of portions of the Properties. The Declarant's determination of the boundary and extent of any easement, license or use right reserved or granted pursuant to this Master Declaration in accordance with this Article IV, shall be dispositive for all purposes; provided nothing contained in this Section 4 shall authorize the Declarant to take any action that would have a material and adverse affect on any improved portion of the Properties.

Section 5. Beneficiaries. The easements, licenses, rights and privileges established, created and granted by this Master Declaration shall be for the benefit of the Association, Declarant, and the Owners, all as more specifically set forth elsewhere in this Master Declaration; and any Owner or Declarant may also grant the benefit of such easement, license, right or privilege to tenants and guests for the duration of their tenancies or visits, but the same are not intended nor shall they be construed as creating any rights in or for the benefit of the general public.

Section 6. Easement for Encroachments. In the event that any portion of any roadway, walkway, parking area, driveway, water lines, sewer lines, utility lines, sprinkler system, building or any other structure or improvement as originally constructed encroaches within any applicable building set back lines on any adjoining Unit or Common Property, it shall be deemed that the Owner of such Unit or the Declarant or the

Association, as the case may be, has granted a perpetual easement to the Owner of the adjoining Unit, the Declarant, the Association or the Golf Course Property Owner, as the case may be, for the continued maintenance and use of such encroaching improvement or structure. The foregoing shall also apply to any replacements of any such improvements or structures if same are constructed in substantial conformity with the original structure or improvement.

Section 7. Access, Ingress and Egress: Roadways. All Owners, by accepting title to property conveyed subject to this Master Declaration, waive all rights of uncontrolled and unlimited access, ingress, and egress to and from such property and acknowledge and agree that such access, ingress, and egress shall be limited to roads, sidewalks, walkways, trails, and waterways located within the Properties from time to time, provided that pedestrian and vehicular access to and from all Units and the Properties shall be provided at all times. There is reserved unto Declarant, the Association, and their respective successors and assigns, the right and privilege, but not the obligation, to maintain guarded or electronically-monitored gates controlling vehicular access to and from the Properties.

Section 8. Easements for Association. There is hereby reserved a general right and easement for the benefit of the Association, its directors, officers, agents, employees, contractors, managers and licensees to enter upon any Unit in the performance of their respective duties. Except in the event of emergencies, this easement is to be exercised only during normal business hours and then, whenever practicable, only upon advance notice to the Owner directly affected thereby. Whenever the Association, Declarant and their respective successors, assigns, agents, or employees are permitted by this Master Declaration to enter upon or correct, repair, clean, maintain, preserve, or do any other action within any portion of the Properties, the entering thereon and the taking of such action shall not be deemed to be trespass.

Section 9. Golf Ball Flight and Retrieval Easement. There is hereby reserved for the benefit of Declarant and the Owner and/or operator from time to time of the Golf Course Property and their respective employees, agents, licensees, invitees, members and guests, a non-exclusive easement for ingress and egress, to, from, over and upon all portions of the Common Property for the purpose of allowing golf balls to travel over, into, and to come to rest upon and be retrieved from, any and all portions of the Properties. Neither Declarant, the Golf Course Property Owner nor any other owner and/or operator from time to time of the Golf Course Property nor their respective officers, directors, shareholders, partners, employees, agents, invitees, members or guests shall have any liability or responsibility whatsoever for any property damage occasioned by, or personal injury to, any person, whether an Owner or occupant, or any member of such Owner's or occupant's family or any employee, guest, licensee or invitee of such Owner or occupant, who or which is accidentally struck by a golf ball which shall travel beyond the boundaries of the golf course located on the Golf Course Property. Moreover, the travel, entry within and coming to rest of golf balls over, upon or within any portion of the Properties shall not

be deemed to be or constitute a nuisance or hazard to the health, safety or welfare of the residents or guests of the Properties and no injunctive relief or damages therefor shall be recoverable by any party or granted by any court; it being expressly agreed by every Owner that the risk of such personal injury or damage to property has been assumed by such Owner on behalf of said Owner, tenants of such Owner, the members of their respective families and their respective employees, licensees, guests and other invitees at the time of the acceptance of a deed or other conveyance to said Owner's property.

Section 10. Golf Cart Path Easements. There is hereby created, declared and reserved for the benefit of the Declarant and the owner and/or operator from time to time of the Golf Course Property and their respective employees, agents, licensees, invitees, members and guests a non-exclusive golf cart path easement over and upon all golf cart path easement areas shown on the plats or other recorded instruments of the Properties, together with a non-exclusive easement and license unto such benefitted parties to enter upon such golf cart path easement areas for the purpose of constructing, installing, inspecting, maintaining, repairing or replacing from time to time a paved golf cart path and for ingress, egress and passage thereover by way of, and for the use and operation thereon, of electric or other powered golf carts. All vehicles traveling on the roads within the Properties shall yield to golf carts at crossings where golf cart path easements intersect with said roads.

Section 11. Assumption of Risk and Indemnification. Each Owner by its purchase of a Unit in the vicinity of the Properties assumes the risk of noise, personal injury or property damage caused by maintenance and operation of the Golf Course Property, including, without limitation: (a) noise from maintenance equipment, it being specifically understood that such maintenance typically takes place around sunrise or sunset, (b) noise caused by golfers, (c) lawful use of pesticides, herbicides and fertilizers, (d) view restrictions caused by maturation of trees and shrubbery, (e) reduction in privacy caused by constant golf traffic on the Golf Course Property or the removal or pruning of shrubbery or trees on the Golf Course Property, and (f) design of the golf course, and agrees that neither the Golf Course Property Owner, Declarant, Association nor any of Declarant's affiliates or agents nor any other entity owning or managing the Golf Course Property shall be liable to Owner or any other person claiming any loss or damage, including, without limitation, indirect, special or consequential loss or damage arising from personal injury, destruction of property, trespass, loss of enjoyment or any other alleged wrong or entitlement to remedy based upon, due to, arising from or otherwise related to the proximity of Owner's Unit to the Golf Course Property, including, without limitation, any claim arising in whole or in part from the negligence of the Golf Course Property Owner, Declarant, the Association or any other entity owning or managing the Golf Course Property. This Section 11 shall not prevent the Declarant from bringing any claims or causes of action it may have, if any, for any reason, against the Golf Course Property Owner.

Section 12. Future Easements and Modifications. Declarant reserves the right to impose further restrictions and to grant or dedicate additional easements and rights-of-way on any portions of the Properties owned by Declarant. In addition, Declarant hereby expressly reserves the right to grant easements and rights-of-way over, under and through the Common Property to any person or entity so long as Declarant shall own any portion of the Properties.

Section 13. Maintenance Easement. There is hereby reserved for the benefit of Declarant, the Association, and their respective agents, employees, successors, and assigns, an alienable, transferable, and perpetual right and easement to enter upon any property subject to this Master Declaration for the purpose of providing insect, reptile and pest control, mowing, removing, clearing, cutting or pruning underbrush, weeds, stumps, or other unsightly growth and removing trash, so as to maintain reasonable standards of health, fire safety, and appearance within the Properties, provided that such easements shall not impose any duty or obligation upon Declarant or the Association to perform any such actions, or to provide garbage or trash removal services. Furthermore, it is hereby reserved for the benefit of Declarant, the Association, the CDD and their respective agents, employees, successors and assigns, an alienable, transferable, and perpetual right and easement, but not the obligation, to enter upon any unimproved portions of Properties subject to this Master Declaration which are located within fifty feet (50') from the water's edge of any lake, canal, lagoon, pond or other body of water within the Properties for the purpose of (a) mowing such area and keeping the same clear and free from unsightly growth and trash, (b) maintaining such bodies of water, such maintenance to include, without limitation, dredging and the maintenance of reasonable water quality standards, and (c) installing, constructing, repairing, replacing, and maintaining docks and bulkheads extending no more than fifteen feet (15') landward of the waters edge.

Section 14. Drainage Easements. There is hereby reserved for the benefit of Declarant, the Association, all Owners and their respective successors and assigns a non-exclusive easement for stormwater collection, retention, detention and drainage over, upon and within the rights-of-way of all streets and roads, the Surface Water Management System and all other drainage easements shown on each plat or otherwise reserved, declared or created pursuant to this Master Declaration. There is further hereby reserved for Declarant, the Association and their respective agents, employees, successors and assigns, an alienable, transferable, and perpetual right and easement on, over, and across all unimproved portions of the Properties for the purposes of constructing, installing, inspecting, maintaining, repairing and replacing the Surface Water Management System and all appurtenant improvements and facilities. Additionally, Declarant, for the benefit of itself, the Association and all Owners hereby reserves easements over any and all other portions of the Common Property as may be reasonably required from time to time in order to provide stormwater drainage to all or any portions of the Properties; provided, however, that any such additional drainage easements shall not unreasonably interfere with the use

and enjoyment by any Owners, the Common Property affected thereby or any improvements from time to time located on any portion of the Common Property.

Section 15. Wells and Effluent. There is hereby reserved for the benefit of Declarant, the Association, and their respective affiliates, agents, employees, successors, and assigns, an alienable, transferable, and perpetual right and easement (a) to pump water from lakes, canals, lagoons, ponds, and other bodies of water located within the Properties for the purpose of irrigating any portions of the Properties, (b) to drill, install, locate, maintain, and use wells, pumping stations, water towers, siltation basins and tanks, and related water and sewer treatment facilities and systems within the Common Property, or (c) to spray or locate any treated sewage effluent within the Common Property, or upon any Unit or upon unimproved portions of any other property subject to this Master Declaration.

Section 16. Roadways Within Development. It is the present intent of Declarant that all streets in the Properties will remain private. However, Declarant reserves the right, but not the obligation, to dedicate or otherwise convey any portion of the roadways within the Properties not otherwise denominated to be Common Property to the State of Florida, any political subdivision thereof, any special taxing district or a community development district or other local unit of special government purpose established pursuant to Florida Statutes, for the purpose of granting public access thereto and over said roadways. In the event of dedication or conveyance of any roadway, Declarant may, in its sole discretion, reserve an easement over any such roadway to be primarily maintained by such public body for the purpose of doing additional maintenance to said public streets and roads and to maintain landscaping along the unpaved rights-of-way thereof; and thereafter denominate in a plat or Supplemental Declaration that said easement shall constitute an Area of Common Responsibility to be maintained by the Association. Nothing contained herein shall be construed to create any public rights in private roads and streets within the Properties, if any, until such time as such roads are expressly dedicated or conveyed to and formally accepted by the State of Florida or political subdivision thereof. Unless otherwise determined by Declarant, all of the private roadways in all of the Properties shall be maintained by the Association as Common Expense. In addition, the Properties' cost share obligations under the Connector Road Maintenance Agreement recorded in Official Records Book 572, page 95, as amended by that certain Amendment to Connector Road Maintenance Agreement filed in Official Records Book 631, page 435, both in the public records of Flagler County, Florida, as it may be further amended (collectively, the "Connector Road Agreement"), or with respect to any other roadway, Surface Water Management System, landscaping or under any other cost share or easement agreement shall be an Association Common Expense.

Section 17. Changes in Boundaries and Withdrawal of Property from Common Property. For so long as the Declarant shall own any of the Properties, the Declarant may at any time change and realign the boundaries of the Common Property with any Units

within the Properties or withdraw, or cause to be withdrawn, land from the Common Property in the Declarant's sole discretion. The prior sentence notwithstanding, in the event such change and realignment of the boundaries Common Property or withdrawal of Common Property shall materially and adversely affect any Unit or materially and adversely affect access, visibility, or drainage to or from any Unit, the Declarant shall not have the right to change or realign the boundaries of the Common Property or withdraw such Common Property without the consent and joinder of the Owner of the Unit which is so affected. Change and realignment of the boundaries of the Common Property or withdrawal of land from the Common Property shall be evidenced by recording a Supplementary Declaration in the public records of Flagler County, Florida, which shall specifically reference such change, realignment, addition or withdrawal. Withdrawal of land from the Common Property by the Declarant shall terminate any and all easements and rights of use of the Owners in such land. No land owned by the Declarant shall be deemed to be Common Property, unless such land is expressly referenced as such under Article I, Section (i) hereof, or subsequently designated as such by the Developer pursuant to this Article IV, even if the Declarant consents or acquiesces to the use of such land by the Owners. In the event any land, easements, use rights, or personal property owned by the Association shall be withdrawn from the Common Property pursuant to this Section 17, upon the Declarant's written request, the Association shall promptly execute and deliver to the Declarant any and all deeds, bills of sale, assignments or other conveyance documents as may be necessary or appropriate to effectuate the withdrawal of such Common Property.

Section 18. Enforcement. The St. Johns River Water Management District shall have the right to enforce, by a proceeding at law or in equity, the provisions contained in this Article IV of the Master Declaration which relate to the maintenance, operation and repair of the Surface Water Management System.

ARTICLE V.

INSURANCE AND CASUALTY LOSSES

The Association's Board of Directors shall have the authority to obtain insurance for insurable improvements on the Common Property owned by it, and on any Area of Common Responsibility, against loss or damage by fire or other hazards, including extended coverage, vandalism, and malicious mischief, and to obtain public liability policies covering the Association and its Members or agents for damage or injury caused by the negligence of the Association or any of its Members or agents, and, if obtainable, directors' and officers' liability insurance, and to obtain any and all other types of insurance coverages with respect to such risks or persons as shall be deemed necessary or appropriate by the Board. Any insurance obtained shall include such coverages, contain such deductibles provisions, and be in such limits as shall be determined by the Board. The Association shall also have the discretion to self-insure against any risk. Premiums

for insurance shall be a Common Expense if for the benefit of the Association, its officers or directors, the entire membership or Owners as a group, or relates to the Common Property or the Areas of Common Responsibility.

All such insurance coverage obtained by the Board shall be written in the name of the Association, as trustee for the respective benefitted parties. Exclusive authority to adjust losses under policies in force on the Common Property and obtained by the Association shall be vested in the Association's Board; provided, however, that no mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto.

It shall be the individual responsibility of each Owner at his own expense to provide, as he sees fit, public liability, property damage, title, and other insurance with respect to his or its own property. In the event of damage or destruction by fire or other casualty to any property subject to this Master Declaration, or the improvements thereon, and in the further event that the Owner responsible for the repair and replacement of such property elects not to repair or rebuild, such Owner shall promptly clear away the ruins and debris of any damaged improvements or vegetation and leave such property in a clean, orderly, safe, and presentable condition. Should such Owner elect to repair or rebuild such property or other improvements thereon, such Owner shall repair or rebuild in accordance with the standard to which the improvements were originally constructed and in accordance with all applicable standards, restrictions, and provisions of this Master Declaration and all applicable zoning, subdivision, building, and other governmental regulations. All such work or repair or construction shall be commenced promptly following such damage or destruction and shall be carried through diligently to conclusion.

ARTICLE VI.

COVENANT FOR ASSESSMENTS

Section 1. General.

(a) Creation of the Lien and Personal Obligation of Assessments. Each Owner by acceptance of a deed to any Unit included in the Properties, whether or not it shall be so expressed in any such deed or other conveyance, and each purchaser at a judicial sale, shall be deemed to and does covenant and agree to pay to the Association: (1) annual assessments, (2) special assessments, and (3) individual assessments. Said assessments shall be fixed, established and assessed to the Owners as hereinafter provided. The assessments, together with interest thereon, late charges and costs of collection thereof, including court costs and reasonable attorneys' fees, shall be an equitable charge and a continuing lien upon the Unit against which each such assessment is made from the date on which each assessment is due. Each such assessment, together with interest, late charges, costs and attorneys' fees, as herein provided, shall also be the

personal obligation of the person who was the Owner of such Unit at the time when the assessment fell due, and his grantee shall take title to such property, subject to the equitable charge and continuing lien therefor, but without prejudice to the rights of such grantee to recover from his grantor any amounts paid by such grantee therefor. In the event of co-ownership of any Unit subject to this Master Declaration, all of such co-Owners shall be jointly and severally liable for the entire amount due.

(b) **Exempt Property.** The following property now or hereafter subject to this Master Declaration shall be exempt from the assessments, charges and liens created herein:

- (i) All existing and proposed Common Property; and
- (ii) Any Units owned by Declarant during the time Declarant subsidizes its share of budget deficits in accordance with Section 10 below, except any Units owned by the Declarant which are subject to assessment pursuant to the Hammock Beach Club Declaration as defined in Article VIII, Section 12.

Except as set forth in this subsection, no Units in the Properties shall be exempt from assessments, charges or liens. No Owner may avoid the obligation for payment of assessments by virtue of non-use or abandonment of the Common Property.

Section 2. Purpose of Assessments. The assessments levied by the Association may be used for the purpose of promoting the recreation, health, safety, and welfare of the lands and Owners in the Properties, for the performance by the Association of its duties and the exercise of the powers conferred upon it, for the improvement and maintenance of properties, services and facilities which have been or will be constructed, installed or furnished upon, and which are devoted to the purpose and related to the use and enjoyment of, the Common Property, the Areas of Common Responsibility, and for such other purpose as may be deemed desirable or appropriate from time to time by the Board, including but not limited to:

- (a) Payment of operating expenses of the Association;
- (b) Lighting, improvement and beautification of access ways and easement areas, and the acquisition, maintenance, repair and replacement of project identification signs, directional markers and traffic control devices, and the costs of controlling and regulating traffic on the access ways;
- (c) To pay all real and personal property taxes and assessments, if any, separately levied upon or assessed against the Association and the Common Property.

Such taxes and assessments may be contested or comprised by the Association. It is the intent of this Master Declaration that, inasmuch as the interest of each Owner to use and enjoy the Common Property constitutes an interest in real property on a proportionate basis appurtenant to each benefitted Unit, the value of the interest of each Owner in such property shall be included in the assessed value of each Unit and any taxes levied directly against such community property should be of a nominal nature;

(d) Management, maintenance, improvement and beautification of landscaping and stormwater drainage and retention features on Common Property and the Areas of Common Responsibility;

(e) Repayment of deficits previously incurred by the Association, if any, in making capital improvements to or upon the Common Property or the Areas of Common Responsibility, and in furnishing services to or for the Owners or the Members of the Association;

(f) Repair and maintenance of all streets and roadways situated upon the Common Property or the Areas of Common Responsibility, which have not been dedicated to any governmental unit;

(g) Funding of appropriate reserves for future repair and replacement;

(h) Funding of the Owner's obligations under the Connector Road Agreement and the Declaration of Covenants between the Declarant and the Ocean Hammock Property Owners Association, Inc., to be recorded in the public records of Flagler County, Florida, as it may be further amended (the "Cost Share Declaration").

(i) Doing any other thing necessary or desirable in the judgment of said Association to keep the Properties, the Common Property and the Areas of Common Responsibility neat and attractive, or to preserve or enhance the value thereof, or to eliminate fire, health or safety hazards, or which, in the judgment of said Association, may be of benefit to the Owners or occupants of the Properties.

Section 3. Determination of Annual Assessments.

(a) Operating Budget. It shall be the duty of the Board, by majority vote, at least forty-five (45) days prior to the end of the Association's fiscal year, to prepare and approve a budget covering the estimated costs of operating the Association during the coming year, including but not limited to operational items such as overhead and indirect costs, insurance, utilities, taxes, repairs, reserves, maintenance and other operating expenses, as well as charges to cover any deficits from prior years, and such capital improvement budget items as approved by the Board pursuant to Subsection (b) below.

(b) Capital Budget. The Board shall annually prepare a capital budget which shall take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement costs. The Board shall set the required annual capital contribution, if any, in an amount sufficient to permit meeting the projected capital needs of the Association, as shown on the capital budget, with respect to both amount and timing. The annual capital contribution required shall be fixed by the Board and included within the annual operating budget and assessments. A copy of the capital budget shall be distributed to each Member as an appendix to the operating budget.

(c) Recreational Amenities. In the event that there are any Units exclusively benefitted by any Recreational Amenities, the Board shall, in preparing the Operating Budget and the Capital Budget each year, and in setting the assessments, separately prepare sub-budgets of estimated costs and anticipated revenues for any such Units, such separate sub-budget being solely an accounting of the Common Expenses attributable to the operation, maintenance and repair of Recreational Amenities. The total amount of assessment derived from each such separate sub-budget is called the "Recreational Assessment." The purpose of preparing such separate Recreational Assessment is to subtract the amount thereof from the total assessment in order to apportion the net assessment derived from such subtraction among all Units, such net amount being the "Net Assessment", so that the Recreational Assessment is only apportioned among the Units which use and enjoy any such Recreational Amenities to the exclusion of any other Units in the Properties.

(d) Adoption of Budget. The Board shall cause a copy of the budget and the projected assessments to be levied for the following year, broken down according to type of Unit to be delivered to each Member at least twenty-one (21) days prior to the end of the Association's fiscal year. The budget and the assessments shall become effective unless and until disapproved at a special meeting of the Members held on or before sixty (60) days after the proposed budget and assessments are mailed to the Members, by a majority vote of the membership (without regard to class) of the Association. In the event that the membership so disapproves the proposed budget for the succeeding year, or in the event the Board shall fail to propose a budget, then and until such time as a new, acceptable budget shall have been determined, the budget in effect for the preceding year shall continue for the succeeding year.

(e) Allocation of Assessments. Each Unit shall be responsible for its allocable share of the Net Assessment plus, if the Unit is a Unit benefitted by any Recreational Amenities, its allocable share of the Recreational Assessment, if any. Each Unit shall be responsible for that portion of the Net Assessment determined by multiplying the Net Assessment by a fraction, the numerator of which is the number of Equivalent Units assigned to that Unit and the denominator of which is the total number of Equivalent Units assigned to all Units subject to assessment. Each benefitted Unit shall also be responsible

for that portion of the Recreational Assessment determined by multiplying the Recreational Assessment by a fraction, the numerator of which is the number of Equivalent Units assigned to that Unit and the denominator of which is the total number of Equivalent Units assigned to all Units subject to the Recreational Assessment.

Section 4. Special Assessments.

(a) Special Assessments. In addition to the annual assessments established pursuant to Section 3 hereof, the Board may levy at any time a special assessment for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a capital improvement upon the Common Property or any Area of Common Responsibility, including the necessary fixtures and personal property related thereto, for the purpose of covering any insufficiency of assessments to fund the actual monetary needs of the Association over and above the budgeted annual assessments, or for any other use or purpose deemed desirable or appropriate by the Board; provided, however, that any special assessment shall have the approval of two-thirds (2/3) of the votes of the Members (without regard to class) who are in attendance and voting in person or by proxy at a meeting duly called for said purpose.

(b) Individual Assessment. The Association may levy an individual assessment upon any Owner to cover the costs incurred by the Association due to that Owner's failure to maintain its Unit pursuant to the standards set forth in this Master Declaration, or to reimburse the Association for any damage to any Common Property or any Area of Common Responsibility caused by any Owner or its tenant or invitee, or for any other purpose permitted by this Master Declaration or any Supplemental Declaration. Individual assessments shall be due and payable within thirty (30) days after written notice from the Association.

Section 5. Date of Commencement of Assessments; Initial Annual Assessment; Due Dates. The assessments for each Lot shall commence on the date that the subdivision plat depicting such Lot is recorded in the public records of Flagler County, Florida, or with respect to a condominium or cooperative Unit, on the date that the applicable declaration for a condominium or cooperative regime is recorded in the public records of Flagler County, Florida, and with respect to each Non-Residential Unit upon completion of the building improvements as evidenced by a Certificate of Occupancy or other equivalent and assessments for each such Unit shall be adjusted according to the number of months then remaining in the fiscal year of the Association and the number of days then remaining in the month in which such assessments commence. The initial annual assessment for each Unit in each Additional Property shall be set forth in the pertinent Supplemental Declaration. The initial annual assessment for each Unit in the Properties is Five Hundred Twenty-Eight and No/100 Dollars (\$528.00) per Unit per year.

Annual Assessments shall be due, in advance, on or before commencement of the fiscal year for which imposed; provided, however, the Board shall have the discretion

to collect assessments in installments over the year for which imposed at such payment intervals as it shall determine. In the event of such deferred payments, the Board shall also be permitted to charge a uniform rate of interest upon the amounts from time to time remaining unpaid at any rate deemed appropriate by the Board; provided, however, such rate shall not exceed the statutory usury limit then existing. The Board may accelerate the unpaid balance of any assessment upon default in the payment of any installment thereon.

The amount of the annual assessment to be levied for the balance remaining in the first year of assessment shall be an amount which bears the same relationship to the annual assessment provided for in Section 3 hereof as the remaining number of months in that year bears to twelve (12). The same reduction in the amount of the assessment shall apply to the first assessment levied against any Additional Property annexed at a time other than at the beginning of an assessment period.

Section 6. Assessments. Assessments payable by Owners who are members of a Subassociation shall be collected from such Owners by the Subassociation and remitted by the Subassociation to the Association. Assessments payable by Owners who are not members of a Subassociation shall be remitted directly to the Association by such Owners. Notwithstanding the collection of assessments due the Association by any Subassociation, nothing contained herein shall affect the Association's right to directly enforce each Owner's individual obligation to pay assessments to the Association pursuant to this Master Declaration.

Section 7. Certificate of Payment. Upon request, the Association shall furnish to any Owner liable for assessment a certificate in writing signed by an officer of the Association setting forth whether said assessment has been paid. Such certificate shall be conclusive evidence in favor of third parties of payment of any assessment therein stated to have been paid.

Section 8. Effect of Non-payment of Assessment. If any assessment is not paid on the date when due, then such assessment shall become delinquent and the delinquent assessment, together with interest thereon and/or late charges as shall be imposed by the Board, at its discretion, and the cost of collection thereof, as herein provided, shall be secured by a continuing lien on the lands and improvements located thereon with respect to the ownership of which the assessment accrued which shall bind such lands and improvements in the hands of the then Owner, its heirs, successors, personal representatives and assigns and successors in title. In the case of a non-condominium residential apartment building or a time share unit, liens for unpaid assessments shall attach to the underlying land and improvements as a whole. Such lien shall be prior to all other liens hereinafter created, except taxes or assessments levied by governmental authority, and except as to the lien of a mortgage as hereinafter provided. The personal obligation of the then Owner to pay such assessment, however, shall remain his personal obligation for the statutory period and shall not pass to his successors in title unless

expressly assumed by them, but no such assumption shall relieve any Owner personally obligated for delinquent assessments from such Owner's personal liability therefor.

If the assessment or installment thereon is not paid within thirty (30) days after the due date, same shall bear interest from the date due at the highest rate allowed by Florida law or at such lesser rate as may be determined by the Board and uniformly applied, and the Association may bring an action at law for collection against the Owner personally obligated to pay the same and/or to foreclose the lien against the lands and improvements located thereon with respect to the ownership of which the assessment accrued, and there shall be added to the amount of such assessment the aforesaid interest, late charges, if any, costs of collection and court costs, and reasonable attorneys' fees, including court costs and attorney's fees upon appeal, and the said costs of collection shall be recoverable whether or not suit be brought.

If it becomes necessary for the Association to file a claim of lien against any Unit, a lien fee in an amount set by the Board may be charged by the Association. Such lien fee shall be added to the unpaid assessment and same shall be secured by the lien hereby created.

Section 9. Subordination. The lien of the assessments provided for by this Master Declaration shall be subordinate to the lien of any bonafide mortgage or mortgages now or hereafter placed upon any Unit in the Properties and held by a commercial or savings bank, trust company, credit union, industrial loan association, insurance company, pension fund, or business trust, including but not limited to a real estate investment trust, any other lender regularly engaged in financing the purchase, construction, or improvement of real estate, or any assignee of loans made by such lender, or any private or governmental institution or agency which has insured the loan of any such lender, or any combination of any of the foregoing entities; provided, however, that a sale or transfer of any Unit pursuant to a decree of foreclosure, or pursuant to any proceeding in lieu of foreclosure, shall not relieve such Unit from liability for any assessments which thereafter become due, nor from the lien of any subsequent assessment. Said assessment liens, however, shall be subordinate to the lien of any such mortgage or mortgages hereafter placed upon the Properties subject to assessment.

Section 10. Subsidies. So long as Declarant pays the subsidy called for in this Section 10, Declarant shall be exempt from the payment of any assessments with respect to Properties subject to this Master Declaration that are owned by Declarant. Declarant covenants and agrees that, until not later than when the Declarant's membership in the Association ceases to exist, Declarant shall pay to the Association, as incurred, the balance of the actual operating deficits of the Association (excluding the cost of funding deferred maintenance and reserve accounts) after levying and payment of assessments due from Owners other than the Declarant pursuant to assessments levied by the Board pursuant to this Declaration. The foregoing to the contrary notwithstanding, Declarant

shall not pay more than the assessments that Declarant would have been required to pay if the exempted Units in the Properties were not exempt. At any time, Declarant shall be entitled to terminate, by written notice to the Association, Declarant's obligation to pay the operating deficits of the Association. Following termination or expiration of Declarant's subsidy obligations under this subparagraph, Declarant shall pay the applicable per-Unit assessment for each assessable Unit then owned by Declarant in the Declarant's portion of the Properties, prorated for the year in which such payment commences.

Section 11. Working Capital. There shall be paid to the Association for each Residential Unit in the Properties a contribution to the working capital of the Association ("Working Capital Assessment") equal to two (2) months of annual assessments applicable to that Unit and paid as follows:

(i) Non-Timeshare Condominiums. As to each condominium Residential Unit which is not subject to a timeshare regime, the Working Capital Assessment shall be paid to the Association by the purchaser at the closing of the sale of the Residential Unit by the condominium developer to the first purchaser.

(ii) Timeshare Condominiums. As to each condominium Residential Unit which is subject to a timeshare regime, the Working Capital Assessment shall be paid to the Association by the timeshare developer at the closing of the first sale of a timeshare unit applicable to that Residential Unit.

(iii) Other Residential Units. As to each Residential Unit which is not a condominium Residential Unit, the Working Capital Assessment shall be paid to the Association by the purchaser upon the earlier of: (1) the first occupancy of a dwelling on that Residential Unit, or (2) the closing of the sale of that Residential Unit (with or without a dwelling) to the first purchaser who is not a licensed home builder purchasing the Residential Unit for resale in the ordinary course of the purchaser's home building business.

Working Capital Assessments are not advance payments of annual assessments.

ARTICLE VII.

EXTERIOR MAINTENANCE

Section 1. Owner's Association Responsibilities; Default. Except to the extent performed by the Association, a Subassociation or the CDD, it shall be the affirmative duty of each Owner at all times to keep and maintain all improvements, lawns, landscaping, and grounds and all stormwater drainage and retention facilities located on and serving to drain its Unit, in good and presentable condition and repair consistent with the approved plans

and specifications therefor. Except to the extent performed by the Association, a Subassociation or the CDD, each Owner shall landscape, irrigate, mow, trim and otherwise maintain in good and presentable condition the areas lying between the boundaries of that Owner's Unit and the waterline of any lake, canal, lagoon or pond located within fifty feet (50') of the nearest boundary of that Owner's Unit. It shall be the affirmative duty of the applicable Subassociation at all times to keep and maintain the improvements, lawns, landscaping, grounds, and stormwater drainage and retention improvements located on and serving to drain Subassociation Common Property made subject to its ownership or control in good and presentable condition and repair. The Association shall have the right to provide exterior maintenance upon any Unit or Subassociation Common Property and improvements thereon in the Properties in the event of default by any Owner or the Subassociation in its duties hereby imposed; subject, however, to the following provisions. Prior to performing any maintenance on an Owner's property or on any Subassociation Common Property owned or controlled by a Subassociation, the Board shall determine that same is in need of repair or maintenance and is detracting from the overall appearance of the Properties. Except in the event of an emergency, prior to commencement of any maintenance work, the Board must furnish fifteen (15) days prior written notice to the relevant Owner or the Subassociation at the last address listed in the Association's records notifying the Owner or Subassociation that unless certain specified repairs or maintenance are commenced within said fifteen (15) day period and thereafter diligently pursued to completion, the Association may procure said repairs and charge same to the benefitted Owner(s). Upon the failure of the Owner or Subassociation to act within said period of time and to thereafter diligently pursue repairs or maintenance, the Association shall have the right to enter in or upon any Unit or Subassociation Common Property and the exterior of improvements located thereon, or to hire personnel or contractors to do so, to make such necessary repairs, or maintenance as is specified in the written notice. In this connection, the Association shall have the right to do such things as, but limited to, paint, repair, replace and care for roofs, gutters, down spouts and exterior building surfaces, clean or resurface paved access ways and parking areas, trim and care for trees, shrubs, grass, walks, swales, berms and other landscaping and drainage improvements, as well as to provide general cleanup, shoreline maintenance, and removal of debris which in the opinion of the Association detracts from the overall beauty and setting of the Properties. Declarant and the Association, or their agents or employees, shall not be liable to any Owner or Subassociation for any trespass or damages or injury to the property or person of the Owner or Subassociation or the occupants or invitees of the affected Unit or Subassociation Common Property or any improvements thereon unless caused by negligence or intentional wrongdoing.

Section 2. Assessment of Cost. The cost of the repair or maintenance referred to in Section 1 shall be assessed as an individual assessment against the Owner of the Unit upon which such maintenance is done or, in the case of work performed on Subassociation Common Property, against all Owners who are members of the applicable Subassociation. Said individual assessment shall be secured by a lien upon each such

Owner's Unit and shall also constitute a personal obligation of each such Owner. The individual assessment shall be collectible along with interest at the highest rate allowed by law from date of expenditure to date of payment by the Owner, and costs of collection and attorneys fees, in the same manner as delinquent annual assessments.

Section 3. Access at Reasonable Hours. For the purpose of performing the repairs or maintenance authorized by this Article, the Association, through its duly authorized agents or employees, shall have the right to enter upon any Unit and Subassociation Common Property and the exterior of any improvements thereon during normal business hours on any day except Sundays and holidays, except that in an emergency situation, as determined by the Board, entry may be made on any day and at any hour.

Section 4. Association Maintenance Responsibility. The Association shall maintain and keep in good and presentable condition and repair all of the Common Property and Areas of Common Responsibility, and all improvements thereon. Except to the extent any of the following are conveyed to or maintained by the CDD, said maintenance obligation shall be deemed to include but not be limited to maintenance, repair and replacement, of (a) the Recreational Amenities, if any, (b) all private roads, if any, road shoulder, walks, trails, harbors, lakes, canals, lagoons, ponds, Surface Water Management System, parking lots, landscaped areas, and other improvements situated within the Common Property, and (c) security systems and utility lines, pipes, plumbing, wires, conduits, and related systems which are a part of its said Properties and which are not maintained by a public authority, public service district, public or private utility, or other person, and (d) all lawns, trees, shrubs, hedges, grass, and other landscaping situated within or upon its said Properties. The Association shall not be liable for injury or damage to any person or property (i) caused by the elements or by any Owner or any other person, (ii) resulting from any rain or other surface water which may leak or flow from any portion of its Properties, or (iii) caused by any pipe, plumbing, drain, conduit, appliance, equipment, security system, or utility line or facility situated upon the said Common Property or Areas of Common Responsibility. Except to the extent any of the following are conveyed to or maintained by the CCD, it shall also be the affirmative duty of the Association to maintain as a Common Expense all stormwater drainage and retention improvements and features located in the Properties or Areas of Common Responsibility and comprising part of the Surface Water Management System. All maintenance of each Unit in the Properties and all parts of any structure thereon, unless specifically identified as being the responsibility of the Association or any Subassociation, shall be the responsibility of the Owner of such Unit. The Association and any Subassociation shall be responsible for all maintenance of Common Property and Subassociation Common Property, as applicable, notwithstanding the fact that Declarant or the Subassociation may not yet have transferred same to the applicable association.

Section 5. Exculpation from Liability and Responsibility. It is contemplated that title to or easements for the roadways, water, sewer, irrigation and Surface Water Management System for the Properties have heretofore been, or hereafter may be, granted and conveyed by the Declarant to the Association or the CDD. Following such conveyance, the Association or CDD, as applicable, shall, subject to the terms and provisions of this Master Declaration, have sole and exclusive jurisdiction over and responsibility for the ownership, administration, management, regulation, care, maintenance, repair, restoration, replacement, improvement, preservation and protection of the roadways, water, sewer, irrigation and Surface Water Management System within the Properties. Accordingly, each Owner, by the acceptance of a deed or other conveyance to his Unit shall be deemed to have agreed that neither the Declarant, Flagler County nor any other governmental agency other than the CDD, if applicable, shall have any liability or responsibility whatsoever (whether financial or otherwise) with respect to the roadways, water, sewer, irrigation and the Surface Water Management System for the Properties, upon such conveyance to the Association or the CDD, and each such Owner shall be deemed to have further agreed to look solely and exclusively to the Association or CDD with respect to any such liability or responsibility.

Section 6. Community Development District. Notwithstanding anything contained in this Master Declaration to the contrary, Declarant reserves for itself, the Association and its respective successors and assigns the right to dedicate, transfer, sell or otherwise convey portions of the Common Property to the CDD for purposes of having the CDD construct, operate, maintain and repair any and all public improvements which the CDD may legally own and operate pursuant to the provisions of Chapter 190, Florida Statutes. Such public improvements may include, without limitation, roads, sewer and water facilities, landscaping, entry features, swimming pools, docks, parks, gazebos, leisure trails, bike paths and other recreational facilities. The Association may also contract with the CDD for the CDD to perform any maintenance or repairs of Common Property and any Area of Common Responsibility. Each Owner shall execute all approvals and consents necessary to make all the Properties subject to the CDD and the laws, regulations and rules relating to the CDD. By acceptance of its deed of conveyance, each Owner appoints Declarant as attorney-in-fact for the Owner to execute any and all such approvals, consents and other instruments necessary to fully implement the CDD and make said Owner's property subject to the CDD and the laws, regulations and rules relating to the CDD. The foregoing appointment is a power coupled with an interest and shall be irrevocable. Each Owner shall be solely responsible for all service charges, fees, taxes and assessments levied by the CDD with respect to the Unit owned by such Owner, and failure to pay same when due may result in the imposition of liens against the Unit. All of the rights, duties, responsibilities and obligations of the Association under this Master Declaration relating to the improvements and function undertaken by the CDD shall terminate and such rights, duties, responsibilities and obligations shall thereafter be undertaken and performed by the CDD.

ARTICLE VIII.**MISCELLANEOUS COVENANTS**

Except as may be otherwise set forth in this Master Declaration, in any Supplemental Declaration, in any agreement with Declarant, or by specific deed covenant or restriction imposed by Declarant, the following covenants, conditions, restrictions and reservations shall apply with respect to the Properties.

Section 1. Compliance with Law and Development Order. All improvements constructed on a Unit shall be designed and constructed in compliance with all applicable laws, ordinances, codes, regulations and requirements of governmental authorities with jurisdiction over the Properties, including, without limitation, all applicable zoning, building codes, health and fire-safety codes and all requirements related to construction in flood hazard areas.

The property subject to the encumbrance of this Master Declaration shall also be subject to the covenants, conditions and restrictions contained in the Development Order, including, without limitation, Section 8.4 of the Development Order pertaining to the use of biodegradable fertilizers and approved pesticides and fungicides, and Section 9.3 of the Development Order relating to the preservation of trees and tree root systems during construction.

Section 2. Water Wells and Septic Tanks. Subject to the terms of Section 4 of Article IV, no private water wells or septic tanks may be drilled, installed or maintained on the Properties. Shallow well pumps may be authorized by the Association for air conditioning/heating and lawn and garden irrigation use if tests indicate water is satisfactory.

Section 3. Landscaping. Except to the extent performed by the Association, Subassociation or the CDD, landscaping on each Unit and stormwater drainage and retention features located on and serving only that Unit shall be continuously maintained in good, aesthetically pleasing condition by the Owner thereof. Except to the extent performed by the Association, Subassociation or the CDD, the Owner of each Unit abutting a body of water or any canal shall maintain the shoreline of said Unit free of debris and weeds consistent with applicable environmental regulations. All landscaped and grassed areas on each Unit shall be watered by means of an automatic underground sprinkler system which shall be employed so as to keep all vegetation in excellent condition. Landscaping shall be installed prior to occupancy of the building improvements on each Unit. No landscaping on any Unit shall be installed or maintained within any golf course setback line established by Declarant except with prior written approval of the Declarant.

Section 4. Obnoxious or Offensive Activity. No obnoxious or offensive activity shall be allowed upon the Properties, nor shall any use or practice be allowed which interferes with the peaceful possession and proper use and enjoyment of the Properties, nor shall any improper, unsanitary, unsightly, offensive or unlawful use be made of or condition or activity permitted on any Unit or improvements thereon or of the Common Property or Subassociation Common Property, nor any part thereof, and all laws, zoning ordinances, and regulations of all governmental bodies having jurisdiction shall be observed.

Section 5. Rules and Regulations. Rules and regulations promulgated by the Board as to the use and enjoyment of the Properties shall be observed by the Owners and occupants thereof. Such rules and regulations may supplement or clarify the terms of this Master Declaration, any Supplemental Declaration, or any provision, covenant or restriction contained in either. Copies of such rules and regulations shall be made available to each Owner prior to the time same become effective. Such rules and regulation shall be binding upon the Owners, their families, tenants, guests, invitees, servants, and agents, until and unless any such rule or regulation be specifically overruled, canceled, or modified by the Board or in a regular or special meeting of the Association by the vote of the Owners, in person or by proxy, holding a majority of the votes cast.

Section 6. Animals. No animals, livestock, birds, poultry or reptiles of any kind shall be raised, bred, or kept by any Owner upon any portion of the Properties except for a reasonable number of dogs, cats, birds or other usual and customary household pets kept in dwellings, subject to rules and regulations adopted by the Association, and further provided that such pet or pets are kept or maintained solely as domestic pets and not for any commercial purpose. For purposes hereof, numbers in excess of two (2) of each such type of household pet (other than aquarium-kept tropical fish) shall *prima facie* be considered unreasonable. No pet shall be allowed to make an unreasonable amount of noise or to become a nuisance. No exterior structure for the care, housing, or confinement of any pet shall be constructed or maintained on any part of the Properties. Upon the written request of any Owner, the Board may conclusively determine, in its sole and absolute discretion, whether, for purposes of this Section 6, a particular pet is an usual and customary household pet or such pet is a nuisance, and the Board shall have the right to require the owner of a particular pet to remove such pet from the Properties if such pet is found to be a nuisance or to be in violation of these restrictions. Each Owner shall be liable to the Association for the cost of repair of any damage to the Common Property caused by the pet of such Owner or of an occupant of such Owner's dwelling.

Section 7. Garbage and Trash. No trash, rubbish, debris, garbage or other waste material or refuse shall be placed, stored or permitted to accumulate on any part of the Properties except in covered or sealed sanitary containers. All such sanitary containers must be stored within each building, buried underground, or placed within an enclosure or

concealed by means of a screening wall of material similar to and compatible with that of the building. These elements shall be integrated with the concept of the building plan, shall be designed so as not to attract attention, and shall be located in the most inconspicuous manner possible.

Section 8. Storage Receptacles. No fuel tanks or similar storage receptacles may be exposed to view, and same may be installed only within an approved accessory building, within a screened area, or buried underground, and shall otherwise comply with applicable law and standards established from time to time by the Board.

Section 9. Vehicles. Each Owner shall provide for parking of vehicles off street and roads within the Properties. Except as otherwise specifically provided in Article XV, no parking shall be permitted in or along any of the streets in the Properties. There shall be no outside storage or parking upon any portion of the Properties of any mobile home, trailer (either with or without wheels), motor home, tractor, truck (other than personal-use pick-up trucks and sport-utility vehicles), commercial vehicles of any type (including, without limitation, cars or trucks with advertising signs or lettering), camper, motorized camper or trailer, boat or other water craft, boat trailer, motorcycle, motorized go-cart, or any other related forms of transportation devices, except if adequately screened from view or otherwise permitted in writing by the Declarant or the Association. No Owners or other occupants of any portion of the Properties shall repair or restore any vehicle of any kind upon or within a property subject to this Master Declaration except (a) within enclosed garages or workshops, or (b) for emergency repairs, and then only to the extent necessary to enable the movement thereof to a proper repair facility. Violators of the prohibitions contained in this Section 9 shall be subject to having their vehicles towed, at the Owner's expense, by or at the direction of the Association, and to the levy of fines by the Association in such amount as may be determined from time to time by the Board. Additional rules and regulations regarding use, repair and storage of vehicles in the Properties may be promulgated from time to time by the Board.

Section 10. Golf Carts. No golf carts other than those from time to time used in the operations and activities conducted upon the Golf Course Property shall be permitted to be used on the Properties unless first consented to and received in writing by the Association in accordance with such rules and regulations as the Board may adopt. The Association shall be entitled to establish and charge a uniform reasonable fee for its inspection and licensing of golf carts. All golf carts shall be painted a uniform color approved by the Association. Golf Carts shall be confined to the Golf Course Property, golf cart easements, and any other areas designated by the Association.

Section 11. Temporary Structures. No structure of a temporary character shall be placed upon the Properties at any time; provided, however, that this prohibition shall not apply to (i) Declarant's, or its designated successors' and assigns', sales and construction activities or (ii) shelters or temporary structures used by the contractor during construction

of permanent structures (provided such temporary shelters may not, at any time, be used as residences or permitted to remain on the subject property after completion of construction). The provisions of this Section 11 shall not prohibit the erection of temporary structures for social functions as may be permitted by rules and regulations promulgated by the Association.

Section 12. Signs. No signs, advertisements, billboards or solicitation or advertising structures of any kind shall be erected, modified or maintained within any windows, on the exterior of any improvements, or on the grounds of any Unit, unless prior written approval of the Association is obtained; provided, however, street numbers shall be permitted without prior written approval. The restrictions of this Section shall not apply to Declarant, or its successors and assigns, to any signs required by legal proceedings or to any signs within the Property, subject to and pursuant to the Hammock Beach Club Declaration of Condominium to be recorded in the public records of Flagler County, Florida (the "Hammock Beach Club Declaration"), which signs are authorized pursuant to the Hammock Beach Club Declaration .

Section 13. Air Conditioning Equipment. No air conditioning equipment which is visible on the exterior of any improvement shall be permitted in the Properties unless approved by the Association. Approval shall be based upon adequacy of screening and/or landscaping of such equipment. The Association may prohibit window air conditioning units altogether or impose stricter standards.

Section 14. Drainage Structures. No person (other than Declarant, or its successors and assigns), without the prior written approval of the Association and St. Johns River Water Management District, shall obstruct, alter or in any way modify the method and/or structures of drainage utilized or now or hereafter installed by Declarant, the CDD or the Association from, on and over any Unit, Common Property or any Area of Common Responsibility; nor shall any structure be erected, placed or maintained which shall in any way obstruct such drainage devices or facilities or impede their efficient operation.

Section 15. Receiving and Transmitting Devices. No television antenna, radio receiver, satellite receiving dish having a diameter in excess of twenty (20) inches, or other similar device shall be erected, attached to or installed on any portion of the Properties, unless contained entirely within the interior of a building or other structure or screened from view in accordance with architectural or landscaping standards adopted therefor by the Association, nor shall radio or television signals, nor any other form of electromagnetic radiation, be permitted to originate from any property within the Properties; provided, however, that Declarant and the Association, and their designated successors, assigns and licensees, shall not be prohibited from installing equipment necessary for mast antenna, security, cable television, satellite receiving facilities, mobile radio, or other similar systems within the Properties, subject to any applicable laws or regulations.

Section 16. Further Subdivision. No part of the Properties shall be further subdivided except as platted without the prior written consent of Declarant for so long as Declarant owns any portion of the Properties and thereafter by the Board.

Section 17. Additional Restrictions. Declarant, or its designated successors or assigns, may impose additional covenants and restrictions on property then owned by Declarant, or its designated successor or assign, without the consent of any other Owner or the Association. Declarant reserves the right to impose additional covenants, conditions and restrictions on Additional Properties owned by it pursuant to the Supplemental Declaration applicable to each such Additional Property.

Section 18. Completion of Construction. After commencement of construction of any improvements in the Properties, the Owner shall diligently prosecute the work thereon, to the end that the improvements shall not remain in a partly finished condition any longer than reasonably necessary for completion thereof. The Owner of the Unit on which improvements are being constructed shall at all times keep public and private streets contiguous to the Unit free from any dirt, mud, garbage, trash or other debris which might be occasioned by construction of the improvements. During construction, the Owner shall require its contractors to maintain the Unit upon which such work is being done in a reasonably clean and uncluttered condition and, to the extent possible, all construction trash and debris shall be kept within refuge containers. Upon completion of construction, the Owner shall cause its contractors to immediately remove all equipment, tools, construction material and debris from the Unit.

Section 19. Excavation. No clearing or excavation shall be made, except in connection with the construction, maintenance or repair of an improvement; and, upon completion thereof, exposed openings shall be back-filled, and disturbed ground shall be leveled, graded and seeded, as provided on the approved plans for landscaping.

Section 20. Mailboxes. No mailboxes shall be permitted in the Properties unless and until approved by the Association, subject to such requirements as may be imposed by the Association.

Section 21. Changes to Development Plan or Development Order. No Owner shall seek directly or indirectly to change or amend any aspect of the Development Plan for the Properties or the Development Order which such change or amendment would in any manner affect any part of the lands included in the Development Plan for the Properties, including, but not limited to, any change in permitted density of development, permitted land use, stormwater drainage requirements or otherwise, without the prior written consent of Declarant for so long as Declarant owns any lands included in the Development Plan for the Properties, which consent may be granted or denied by Declarant, in its sole discretion.

Section 22. Fences. No fences shall be erected without prior Association approval. No chain link fences shall be permitted.

Section 23. Lights. The design and location of all exterior lighting fixtures shall be subject to the approval of the Association, excluding any lighting authorized within the Property, subject to the Hammock Beach Club Declaration, which lighting is authorized pursuant to the Hammock Beach Club Declaration. Neither those lighting fixtures nor any other illumination devices, including, but not limited to, holiday lighting displays and ornaments, located anywhere on the structures or grounds of any property shall be located, directed, or of such intensity to affect adversely, in the sole discretion of the Association, the night time environment of any adjoining property.

Section 24. Security Systems. In the event that either Declarant or the Association shall install a central security system within the Properties, or in the event Declarant grants to a third party supplier the right to install same, with the capability of providing security services to each Residential Unit within the Properties, then no Owner shall be entitled to install or maintain any alternative security systems within a dwelling other than security systems which are appurtenant to and connected with such central security system, without obtaining the prior written consent and approval of the Declarant, or the Board.

Section 25. Dune Preservation. The land seaward of the toe of the dune and the Coastal Construction Control Line (CCCL) shall be a non-development zone which is to be preserved, except for dune walkovers permitted by the state and county. The area seaward of the toe to the existing vegetation line, if disturbed, shall be re-vegetated and restored, and perpetually maintained, with plant species approved by the Florida Department of Environmental Protection. Certain areas within the Properties are also subject to the CCCL, which is subject to the requirements of the Development Order and is further regulated by Florida State Statutes and application processes.

Section 26. Exempt Property. This Article VIII shall not apply to the Hammock Beach Club Property.

ARTICLE IX.

AMENDMENT

Section 1. Amendments by Owners. Except as to provisions relating to amendments set forth herein regarding certain specific items and the method of amending or altering same, any other provisions, covenants or restrictions set forth herein may be amended in accordance with this provision. The holders of at least two-thirds (2/3) of the votes in the Association, without regard to class, may change or amend any provision hereof (1) by executing a written instrument in recordable form setting forth such amendment, or (2) by causing a certified copy of a duly adopted resolution to be recorded

in the public records of Flagler County, Florida. A proposed amendment may be initiated by Declarant, the Association or by petition signed by one of the Members. If a proposed amendment is to be adopted by vote, a written copy of the proposed amendment shall be furnished to each Member at least ten (10) days, but not more than ninety (90) days, prior to the meeting to discuss the proposed amendment. If adopted by vote, affirmative vote required for adoption shall be two thirds (2/3) of the votes of the Members (without regard to class) who shall be present in person or by proxy at a meeting duly called, and the recorded certificate shall contain a recitation that notice was given as above set forth and said recitation shall be conclusive as to all parties, and all parties of any nature whatsoever shall have full right to rely upon said recitation in such recorded certificate. The amendment shall be effective upon recordation of the executed amendment or the certified copy of the duly adopted resolution among the public records of Flagler County, Florida.

So long as Declarant shall own any lands within the Properties, no Declarant related amendment shall be made to this Master Declaration, any Supplemental Declaration, or to the Articles or Bylaws of the Association unless such amendment is first approved in writing by Declarant. Any amendment shall be deemed to be Declarant related if it does any of the following:

- (a) directly or indirectly by its provisions or in practical application relates to Declarant in a manner different from the manner in which it relates to other Owners;
- (b) modifies the definitions provided for by Article I of this Master Declaration in a manner which alters Declarant's rights or status;
- (c) modifies or repeals any provision of Article II of this Master Declaration;
- (d) alters the character and rights of membership as provided for by Article III of this Master Declaration or affects or modifies in any manner whatsoever the rights of Declarant as a Member of the Association;
- (e) alters any previously recorded or written agreement with any public or quasi-public agencies, utility company, political subdivisions, public authorities, or other similar agencies or bodies, respecting zoning, streets, roads, drives, easements, or facilities;
- (f) denies the right of Declarant to convey the Common Property to the Association;
- (g) modifies the basis or manner of assessment as applicable to Declarant or any lands owned by Declarant; and

(h) alters or repeals any of Declarant's rights or any provision applicable to Declarant's rights as provided for by any provision of this Master Declaration or any Supplemental Declaration.

Section 2. Amendments by Declarant. During any period in which Declarant owns any land encumbered by this Master Declaration, Declarant may amend this Master Declaration, the Articles, the Bylaws or any Supplemental Declaration by an instrument in writing filed in the public records of Flagler County, Florida, without the approval of the Association, any Owner or any mortgagee; provided, however, that, with the exception of the annexation of Additional Property to the terms of this Master Declaration, (i) in the event that such amendment materially and adversely alters or changes any Owner's right to the use and enjoyment of his Unit of the Common Property as set forth in this Master Declaration or adversely affects the marketability of title to any Unit, such amendment shall be valid only upon the written consent thereto by a majority in number of the then existing Owners affected thereby, provided that, if any of such Owners is a member of a Subassociation, such majority will be deemed to have been obtained with respect to such Subassociation Owners if the majority of the members of such Subassociation approve such Amendment; (ii) in the event that such amendment would materially and adversely affect the security, title and interest of any Mortgagee, such amendment shall be valid only upon the written consent thereto of all such Mortgagees so affected; and (iii) in the event that such amendment also is an amendment to the Bylaws, the amendment will be subject to the applicable non-variable provisions of Sections 617.301 - 617.312, Florida Statutes and said Bylaws. Any amendment made pursuant to this Section 2 shall be certified by Declarant as having been duly approved by Declarant, and by such Owners and Mortgagees if required, and shall be effective upon being filed in the Public Records of Flagler County, Florida, or at such later date as shall be specified in the amendment itself. Each Owner, by acceptance of a deed or other conveyance to a Unit, agrees to be bound by such amendments as are permitted by this Section 2 and further agrees that, if requested to do so by Declarant, such Owner will consent to the amendment of this Master Declaration or any other instruments relating to the Properties (a) if such amendment is necessary to bring any provision hereof or thereof into compliance or conformity with the provisions of any applicable governmental statute, rule, or regulation or any judicial determination which shall be in conflict therewith, (b) if such amendment is necessary to enable any reputable title insurance company to issue title insurance coverage with respect to any of the Properties, (c) if such amendment is required by an institutional or governmental lender or purchaser of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on any of the Properties, or (d) if any such amendment is necessary to enable any governmental agency or reputable private insurance company to insure mortgages on any of the Properties.

Section 3. Amendments Regarding Surface Water or Stormwater Management System. Any amendment to this Master Declaration, whether by the Owners or Declarant,

which alters any provision relating to the surface water or stormwater management system, beyond maintenance in its original condition, including the water management portions of the common areas, must have the prior approval of the St. Johns River Water Management District.

ARTICLE X.

PARTY WALLS OR PARTY FENCES

Section 1. General Rules of Law to Apply. To the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply to each party wall or party fence which is built as part of the original construction and any replacement of improvements in the Properties.

In the event that any portion of any structure, as originally constructed, including any party wall or fence, shall protrude over an adjoining Common Property, Subassociation Common Property or Unit, such structure, party wall or fence shall not be deemed to be an encroachment upon the adjoining lands, and the affected Owner shall neither maintain any action for the removal of the party wall or fence or projection, nor for damages. In the event there is a protrusion, it shall be deemed that the affected Owner has granted a perpetual non-exclusive easement to the adjoining Owner for continuing maintenance and use of the projection, party wall or fence. The foregoing shall also apply to any replacements of any structures, party walls or fence as the same are construed in conformity with the original structure, party wall or fence.

Section 2. Sharing of Repair and Maintenance. Unless otherwise specified in any Supplemental Declaration, the cost of reasonable repair and maintenance of a party wall or party fence shall be shared equally by the Owners who make use of the wall or fence in proportion to such use.

Section 3. Destruction by Fire or Other Casualty. If a party wall or party fence is destroyed or damaged by fire or other casualty, any Owner who has used the wall or fence must restore it, and if other Owners thereafter make use of the wall or fence, they shall contribute to the cost of restoration thereof in proportion to such use, without prejudice, however, to the right of any such Owner to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 4. Weatherproofing. Notwithstanding any other provision of this Article, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 5. Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 6. Arbitration. In the event of any dispute arising concerning a party wall or party fence, or under the provisions of this Article, each party shall choose one arbitrator and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators. The decision of the arbitrators shall not, however, be binding and conclusive upon the parties and any party to the dispute shall thereafter have the right to institute any action or proceeding, at law or equity, which he deems necessary or desirable.

ARTICLE XI.

COVENANTS COMMITTEE

Section 1. Committee. The Board shall serve as the Covenants Committee or may appoint at least two (2) members of the Board to serve as the Covenants Committee at the pleasure of the Board. Acting in accordance with the provisions of this Master Declaration, the Bylaws, and any resolutions the Board may adopt, the Covenants Committee shall be the hearing tribunal of the Association relative to alleged infractions of this Master Declaration, the Bylaws, and the rules and regulations of the Association. Subject to compliance with the provisions of Section 2 hereof, upon the violation of this Master Declaration, the Bylaws, or any rules and regulations duly adopted hereunder, the Board shall have the power (i) to impose reasonable monetary fines not exceeding One Hundred and No/100 Dollars (\$100.00) per violation and, provided the aggregate amount of the fine imposed for the same violation in a one (1) year period shall not exceed One Thousand and No/100 Dollars (\$1,000.00), which shall constitute an equitable charge and a continuing lien upon the Unit, the Owners, occupants, or guests of which are guilty of such violation, (ii) to suspend an Owner's right (and the right of such Owner's family, guests, and tenants and of the co-Owners of such Owner and their respective families, guests, and tenants) to use any of the Common Property; or (iii) to impose all or any combination of these sanctions. An Owner shall be subject to the foregoing sanctions in the event of such a violation by such Owner, his family, guests, or tenants or by his co-Owners or the family, guests, or tenants of his co-Owners. Notwithstanding anything herein, however, an Owner's access to its property over private roads and streets constituting Common Property, if any, will not be terminated hereunder. Any suspension of rights hereunder may be for the duration of the infraction and for any additional period thereafter, not to exceed thirty (30) days.

Section 2. Hearing Procedure. The Board shall not impose a fine, suspend voting, or infringe upon any other rights of a Member or other occupant of the Properties

for violations of this Master Declaration, the Bylaws, or the rules and regulations unless and until the following procedure is followed:

(a) Demand to Cease and Desist. Written demand to cease and desist from an alleged violation shall be served upon the alleged violator specifying:

- (i) the alleged violation;
- (ii) the action required to abate the violation; and

(iii) a time period of not less than ten (10) days, during which the violation may be abated without further sanction, if such violation is a continuing one, or if the violation is not a continuing one, a statement that any further violation of the same provision of this Master Declaration, the Bylaws, or rules and regulations of the Association may result in the imposition of sanctions after notice and hearing.

(b) Notices. At any time within twelve (12) months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty, or if the same rule is subsequently violated, the Board or its delegate shall serve the violator with written notice of a hearing to be held by the Covenants Committee in executive session. The notice shall contain:

- (i) the nature of the alleged violation;
- (ii) the time and place of the hearing, which time shall not be less than fourteen (14) days from the giving of the notice;
- (iii) an invitation to attend the hearing and produce a statement, evidence, and witness on his behalf; and
- (iv) the proposed sanction to be imposed.

(c) Hearing. The hearing shall be held by the Covenants Committee in executive session pursuant to the notice and the Owner shall be provided a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice, and the invitation to be heard shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed. No sanction shall be imposed under this Article XI unless approved by a majority of the Covenants Committee. This Article XI shall not apply to failures to pay in a timely manner assessments levied by the Association.

ARTICLE XII.**DURATION AND TERMINATION**

The reservations, covenants, conditions, restrictions, easements, charges and liens of this Master Declaration and of each Supplemental Declaration incorporating Additional Properties shall run with and bind the title to the Properties, and shall inure to the benefit of, be enforceable by, and bind Declarant, the Association and each Owner, their respective legal representatives, heirs, successors and assigns for a period of fifty (50) years from the recording of this Master Declaration after which time this Master Declaration shall be automatically extended for successive periods of ten (10) years. This Master Declaration may be terminated at any time by recordation of an instrument signed by the then holders of eighty percent (80%) of the votes in the Association and their first mortgagees agreeing to terminate this Master Declaration; provided, however, that so long as the Declarant shall own lands within the Properties, no such termination will be effective without the written consent and joinder of the Declarant.

ARTICLE XIII.**ENFORCEMENT**

Section 1. Remedies. If any person or entity shall violate or attempt to violate any of these covenants or restrictions, it shall be lawful for Declarant, any Owner or the Association (a) to prosecute proceedings for the recovery of damages against those so violating or attempting to violate any such covenant or restriction, or (b) to maintain a proceeding in any court of competent jurisdiction against those so violating or attempting to violate any such covenant or restriction, for the purpose of preventing, or enjoining all or any such violations or attempted violations. The remedies contained in this provision shall be construed as cumulative of all other remedies now or hereafter provided by law or this Master Declaration. The failure of Declarant, its successors or assigns, or the Association or an Owner, to enforce any covenant or restriction or any obligation, right, power, privilege, authority or reservation herein contained, however long continued, shall in no event be deemed a waiver of the right to enforce the same thereafter as to the same breach or violation, or as to any other breach or violation thereof occurring prior to or subsequent thereto. Should Declarant or the Association employ legal counsel to enforce any of the foregoing, all costs incurred in such enforcement, including court costs and reasonable attorneys' fees, shall be paid by the non-prevailing party. Inasmuch as the enforcement of the provisions of this Master Declaration, the Bylaws, and the rules and regulations of the Association are essential for the effectuation of the general plan of development contemplated hereby and for the protection of present and future Owners, it is hereby declared that any breach thereof may not adequately be compensated by recovery of damages, and that Declarant, the Association, or any aggrieved Owner, in addition to all other remedies, may require and shall be entitled to the remedy of injunction

to restrain any such violation or breach or any threatened violation or breach. No right of action shall accrue nor shall any action be brought or maintained by anyone whatsoever against Declarant or the Association for or on account of any failure to bring any action on account of any violation or breach of the provisions of this Master Declaration, the Bylaws, or any rules and regulations of the Association by any person, however long continued.

Section 2. Lessees to Comply with Master Declaration, Articles and Bylaws – Effect on Non-Compliance. All tenants shall be subject to the terms and conditions of this Master Declaration, the Bylaws, the Articles of Incorporation, and the rules and regulations promulgated thereunder as though such tenant were an Owner. Each Owner agrees to cause his lessee, occupant, or persons living with such Owner or with his lessee to comply with the Master Declaration, Bylaws, Articles and the rules and regulations promulgated thereunder, and is responsible and liable for all violations and losses caused by such tenants or occupants, notwithstanding the fact that such occupants of the Unit are also fully liable for any violation of the documents and regulations. In the event that a lessee, occupant, or person living with the lessee violates a provision of the Master Declaration, Bylaws, Articles or rules and regulations, the Board shall have the power to bring an action or suit against the lessee to recover sums due for damages or injunctive relief, or for any other remedy available at law or equity.

ARTICLE XIV.

GOLF COURSE PROPERTY

Section 1. Golf Course Property. Notwithstanding anything to the contrary set forth in or which may otherwise be implied from this Master Declaration, the Articles, the Bylaws or the rules and regulations of the Association, neither membership in the Association nor ownership of any Unit in the Properties shall grant or convey any interest in or right to use any of the Golf Course Property. The Golf Course Property is privately owned and is not a part of the Common Property. The right or privilege to use the Golf Course Property shall be determined in the sole and absolute discretion of owner and/or operator of such Golf Course Property, subject to the terms, conditions and rules enacted from time to time by the owner and/or operator thereof, subject to any fees and charges imposed from time to time by such owner or operator, and subject to availability. Ownership of any Unit or membership in the Association does not create, grant or convey any vested right or easement, prescriptive or otherwise, to use or to continue to use the Golf Course Property or the facilities at this or any time, unless approved by the owner and/or operator as set forth above. The owner and/or operator of the Golf Course Property has the exclusive right to determine from time to time, in its sole discretion and without notice or approval of any change, how and by whom these facilities shall be used, including, without limitation, making these facilities available for use by members of the general public. By way of example, but not limitation, the owner and/or operator of the Golf Course Property shall have the right to approve users and determine eligibility for use, to

reserve use rights, to terminate any or all use rights, to change, eliminate or cease operation of any or all of the facilities, to transfer any or all of the Golf Course Property or the operation thereof to anyone, including, without limitation, a member-owned or equity club and on any terms, to limit the availability of use privileges, and to require the payment of a purchase price, membership contribution, initiation fee, membership deposit, dues, use charges and other charges for use privileges. The Golf Course Property shall not be liable for assessments of the Association.

Section 2. Limitation. No Owner shall have any right to trespass on or over any part of the Golf Course Property or to use the Golf Course Property in any manner whatsoever unless the Owner is a member, licensee or guest of Ocean Hammock Golf and Country Club, and then only to the extent permitted by the rules and regulations governing such members or guests.

Section 3. Enforcement. Declarant and the Association may enforce any of the provisions of this Article XIV by injunction or other equitable remedy or by an action at law for damages or both, and the prevailing party shall be entitled to recover its attorneys' fees and expenses.

ARTICLE XV.

HAMMOCK BEACH CLUB PROPERTY

Section 1. Hammock Beach Club Property. Notwithstanding anything to the contrary set forth in or which may otherwise be implied from this Master Declaration, the Articles, the Bylaws or the rules and regulations of the Association, neither membership in the Association nor ownership of any Unit in the Properties shall grant or convey any interest in or right to use any of the Hammock Beach Club Property. The Hammock Beach Club Property is privately owned and is not a part of the Common Property. The right or privilege to use the Hammock Beach Club Property shall be determined in the sole and absolute discretion of owner and/or operator of such Hammock Beach Club Property, subject to the terms, conditions and rules enacted from time to time by the owner and/or operator thereof, subject to any fees and charges imposed from time to time by such owner or operator, and subject to availability. Ownership of any Unit or membership in the Association does not create, grant or convey any vested right or easement, prescriptive or otherwise, to use or to continue to use the Hammock Beach Club Property or the facilities at this or any time, unless approved by the owner and/or operator as set forth above. The owner and/or operator of the Hammock Beach Club Property has the exclusive right to determine from time to time, in its sole discretion, and without notice or approval of any change, how and by whom these facilities shall be used, including, without limitation, making these facilities available for use by members of the general public. By way of example, but not limitation, the owner and/or operator of the Hammock Beach Club Property shall have the right to approve users and determine eligibility for use, to reserve

use rights, to terminate any or all use rights, to change, eliminate or cease operation of any or all of the facilities, to transfer any or all of the Hammock Beach Club Property or the operation thereof to anyone, including, without limitation, a member-owned or equity club, and on any terms, to limit the availability of use privileges, and to require the payment of a purchase price, membership contribution, initiation fee, membership deposit, dues, use charges and other charges for use privileges.

Section 2. Limitation. No Owner shall have any right to trespass on or over any part of the Hammock Beach Club Property or to use the Hammock Beach Club Property in any manner whatsoever unless the Owner is a member, licensee or guest of the Club at Hammock Beach, and then only to the extent permitted by the rules and regulations governing such members or guests.

Section 3. Rights of Access, Parking and Stormwater Drainage. The Owner and operator of the Hammock Beach Club Property, and their respective employees, agents, contractors, invitees, licensees, concessionaires, and designees and the members and users of the Club at Hammock Beach (regardless of whether any of the foregoing are Owners hereunder) shall at all times have a right and non-exclusive easement of access and use over all roadways located within the Properties to travel to and from the Hammock Beach Club Property, and, further over those portions of Common Property reasonably necessary for the use, operation, maintenance, repair and replacement of the Hammock Beach Club Property and the improvements located thereon. The Hammock Beach Club Owner and members of the Club at Hammock Beach (regardless of whether such persons are Owners hereunder), their guests and invitees and the employees, agents, contractors, invitees, licensees, concessionaires and designees shall at all times have a right and a non-exclusive easement upon, and the right, privilege and license of using any or all of the Common Property, including, without limitation, any common streets, surface water management systems, parking lots, sidewalks and walkways in the Properties, in connection with and in support of operations and activities on the Hammock Beach Club Property. The owner of the Hammock Beach Club Property shall be responsible for operation, maintenance and repair of all of the Hammock Beach Club Property and all improvements from time to time located thereon. Without limiting the generality of the foregoing, members of the Club at Hammock Beach and members of the public admitted by ticket, pass, permit or as otherwise established by the owner or operator of the Hammock Beach Club Property, shall have the right of ingress and egress over all roadways located within the Properties and the right to park their vehicles on the Properties at reasonable times in connection with and in support of operations and activities on the Hammock Beach Club Property.

Section 4. Limitations on Amendment. In recognition of the fact that the provisions of this Article are for the benefit of the Hammock Beach Club Property Owner, no amendment to this Article, and no amendment to any other provisions of the Master

Declaration in derogation hereof, may be made, except by the Declarant, without the written approval thereof by the owner of the Hammock Beach Club Property Owner.

Section 5. Applicability. The Declarant, the Association and the Hammock Beach Club Owner shall have all enforcement powers afforded by this Master Declaration and at law to enforce those Articles on behalf of the owner of the Hammock Beach Club Property. This shall not be deemed to limit the right of the Declarant, the Association or the Hammock Beach Club Owner to enforce any other rights which the Hammock Beach Club Owner may have under the terms and conditions of this Master Declaration, the Articles of Incorporation or Bylaws of the Association.

Section 6. Assumption of Risk and Indemnification. Each Owner, by its purchase of a Lot or Unit, expressly assumes the risks associated with the Hammock Beach Club Property (regardless of whether the Owner is using the Hammock Beach Club Property) and agrees that neither Declarant, the Hammock Beach Club Owner, the Association nor any of their affiliates or agents nor any other entity designing, constructing, owning or managing the Hammock Beach Club Property planning or constructing the Owner's Lot or Unit shall be liable to Owner or any other person claiming any loss or damage, including, without limitation, indirect, special or consequential loss or damage arising from personal injury, destruction of property, loss of view, noise pollution, or other visual or audible offenses, or trespass or any other alleged wrong or entitlement to remedy based upon, due to, arising from or otherwise related to the proximity of the Owner's Unit or Common Property to the Hammock Beach Club Property.

Section 7. Enforcement. Declarant, the Hammock Beach Club Owner and the Association may enforce any of the provisions of this Article XV by injunction or other equitable remedy or by an action at law for damages or both, and the prevailing party shall be entitled to recover its attorneys' fees and expenses.

ARTICLE XVI.

MISCELLANEOUS

Section 1. Number and Gender. Reference to the singular shall include reference to the plural and the plural shall include the singular, as indicated by the context of use. Reference to any gender shall include reference to all genders.

Section 2. Severability. The invalidation of any provision or provisions of this Master Declaration shall not affect or modify any one of the other provisions which shall remain in full force and effect.

Section 3. Headings. The paragraph headings are for reference purposes only and shall not in any way affect the meaning, content or interpretation of this Master Declaration.

Section 4. Notices. Notices required hereunder shall be in writing and shall be delivered by hand or sent by United States Mail, postage prepaid. All notices to Owners shall be delivered or sent to such addresses, as have been designated in writing to the Association, or if no address has been so designated, at the addresses of such Owners' respective Units. All notices to the Association shall be delivered or sent in care of Declarant at 5 Blue Heron Lane, Palm Coast, Florida 32137, or to such other address as the Association may from time to time notify the Owners. All notices to Declarant shall be delivered or sent to Declarant at 5 Blue Heron Lane, Palm Coast, Florida 32137, or to such other address as Declarant may from time to time notify the Association. Notices to mortgagees shall be delivered or sent to such addresses as such mortgagees specify in writing to the Association. Notices to any other person or persons entitled to same hereunder shall be delivered or sent to such address or addresses as such person or persons specify, from time to time, in writing to the sender, or, in the absence thereof, to such address or addresses as shall be, in the exercise of reasonable judgment by the sender, reasonably expected to be received by such person or persons.

IN WITNESS WHEREOF, Declarant has caused these presents to be executed in its name and its seal to be affixed hereto as of the day and year first above written.

Signed, sealed and delivered
in the presence of:

**NORTHSHORE OCEAN HAMMOCK
INVESTMENT, L.P.**, a Georgia limited
Partnership

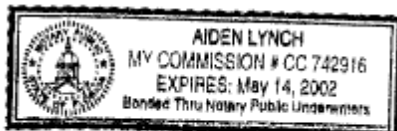
By: HAMMOCK GP, LLC, a Georgia
limited liability company, its
General Partner

By: Robert F. Masters, II
Robert F. Masters, II
Vice President

Margaret Hughes
Print Name: Margaret Hughes
Eileen P. Coleman
Print Name: Eileen P. Coleman
(CORPORATE SEAL)

STATE OF FLORIDA)
) SS:
COUNTY OF FLAGLER)

The foregoing Master Declaration of Covenants, Conditions and Restrictions for Hammock Beach was acknowledged before me this 24 day of April, 2001, by Robert F. Masters, II, as Vice President of Hammock GP, LLC, a Georgia limited liability company, which company is the General Partner of Northshore Ocean Hammock Investment, L.P., a Georgia limited partnership, on behalf of the company and limited partnership. He ☐ is personally known to me or ☒ produced D.L. as identification.



Aiden Lynch
Signature of Notary Public
AIDEN LYNCH
Printed Name of Notary Public
Notary Public, State of Florida
Commission Number: CC 742916
Commission Expires: May 14, 2002

OFF
REC 0741 PAGE 0174JOINDER AND CONSENT BY MORTGAGEE

KNOW ALL MEN BY THESE PRESENTS:

FIRST BANK AND TRUST COMPANY OF ILLINOIS

THAT _____ (the "Mortgagee"), having an office at
 300 East Northwest Hwy., Palantine, IL 60067, the owner and holder of that certain
 mortgage dated 7/7/2000, recorded in Official Records Book 700, page 1377, of the
 Public Records of Flagler County, Florida, ("the Mortgagee") encumbering the _____
 Property described in the foregoing _____ Master Declaration of
 Covenants, Conditions and Restrictions for Hammock Beach, (the "Master Declaration"),
 by the execution hereof, hereby joins into and consents to the placing of the Master
 Declaration on the _____ Property described in Exhibit "A" to the
 Master Declaration, and further covenants and agrees that the lien of the Mortgage is and
 shall be subordinate to the Master Declaration as if the Master Declaration had been
 executed and recorded prior to the execution, delivery or recordation of the Mortgage.

IN WITNESS WHEREOF, the Mortgagee has executed this Joinder and Consent
 by Mortgagee this 23rd day of April, 2001.

FIRST BANK AND TRUST COMPANY OF ILLINOIS

Signed sealed and delivered
 in the presence of:

(Name of Mortgagee)

Print Name: _____

By: _____

Print Name: C. Richard SchulerTitle: PresidentDate: 4/23, 2001

Print Name: _____

STATE OF ILLINOIS)

) SS:

COUNTY OF COOK)

The foregoing instrument was acknowledged before me this 23rd day of April
 2001, by C. Richard Schuler, as President of
First Bank & Trust Co., a _____. He/~~she~~ ☒ is personally
 known to me or ☐ has produced _____ as identification.

NOTARY PUBLIC

My commission expires: _____

(NOTARY STAMP)

OFFICIAL SEAL
 DANA DACK
 NOTARY PUBLIC, STATE OF ILLINOIS
 My Commission Expires 10-27-2004

(PROPERTIES)

A PARCEL OF LAND BEING A PORTION OF GOVERNMENT SECTIONS 28 AND 29, TOWNSHIP 10 SOUTH, RANGE 31 EAST, FLAGLER COUNTY, FLORIDA, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF NORTHSORE PLAT ONE AS RECORDED IN MAP BOOK 31, PAGE 87 OF THE PUBLIC RECORDS IN AND FOR FLAGLER COUNTY, FLORIDA;

THENCE NORTH 18°49'08" WEST ALONG THE EAST LINE OF SAID NORTHSORE PLAT ONE FOR A DISTANCE OF 35.42 FEET TO A POINT ON A NON-TANGENT CURVE; THENCE NORTHEASTERLY 86.39 FEET ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 75.00 FEET, CENTRAL ANGLE OF 65°59'49" AND A CHORD BEARING OF NORTH 44°13'32" EAST TO A POINT OF TANGENCY; THENCE NORTH 11°13'37" EAST 793.72 FEET TO A POINT OF CURVATURE; THENCE NORTHEASTERLY 20.7 FEET ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 175.00 FEET, A CENTRAL ANGLE OF 06°36'11" AND A CHORD BEARING OF NORTH 07°55'32" EAST TO A POINT ON A NON-TANGENT LINE; THENCE NORTH 58°02'10" EAST 3.33 FEET TO A POINT ON A NON-TANGENT CURVE; THENCE SOUTHEASTERLY AND NORTHEASTERLY 609.83 FEET ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 203.50 FEET, A CENTRAL ANGLE OF 171°41'59" AND A CHORD BEARING OF NORTH 81°18'48" EAST TO A POINT ON A NON-TANGENT LINE; THENCE NORTH 71°10'52" EAST 183.77 FEET; THENCE NORTH 18°49'08" WEST 0.35 FEET TO A POINT OF CURVATURE; THENCE NORTHEASTERLY 294.36 FEET ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 200.00 FEET, A CENTRAL ANGLE OF 84°19'43" AND A CHORD BEARING OF NORTH 23°20'44" EAST TO A POINT OF REVERSE CURVATURE; THENCE NORTHEASTERLY 171.91 FEET ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 350.00 FEET, A CENTRAL ANGLE OF 28°08'33" AND A CHORD BEARING OF NORTH 51°26'19" EAST TO A POINT OF TANGENCY; THENCE NORTH 37°22'02" EAST 55.38 FEET; THENCE SOUTH 52°37'58" EAST 110.00 FEET; THENCE NORTH 37°22'02" EAST 136.95 FEET TO A POINT OF CURVATURE; THENCE NORTHEASTERLY AND NORTHWESTERLY 216.51 FEET ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 268.70 FEET, A CENTRAL ANGLE OF 46°10'00" AND A CHORD BEARING OF NORTH 14°17'02" EAST TO A POINT OF TANGENCY; THENCE NORTH 08°47'57" WEST 14.36 FEET; THENCE NORTH 81°54'25" EAST 75.36 FEET; THENCE SOUTH 17°16'33" EAST 564.82 FEET; THENCE SOUTH 34°42'17" EAST 277.51 FEET TO A POINT ON A NON-TANGENT CURVE; THENCE SOUTHEASTERLY 74.39 FEET ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 175.00 FEET, A CENTRAL ANGLE OF 24°21'25" AND A CHORD BEARING OF SOUTH 47°18'25" EAST TO A POINT ON A NON-TANGENT LINE; THENCE SOUTH 30°36'55" WEST 36.85 FEET; THENCE SOUTH 71°10'52" WEST 430.00 FEET; THENCE SOUTH 18°49'08" EAST 236.00 FEET TO THE NORTH RIGHT-OF-WAY LINE OF 16TH ROAD; THENCE SOUTH 71°10'52" WEST ALONG SAID NORTH RIGHT-OF-WAY LINE FOR A DISTANCE OF 1458.93 FEET TO THE POINT OF BEGINNING.

EXHIBIT "B"

OFF
REC 0741 PAGE 0176

ARTICLES OF INCORPORATION



OFF
REC 0741 PAGE 0177

FLORIDA DEPARTMENT OF STATE
Katherine Harris
Secretary of State

April 3, 2001

UCC FILING & SEARCH SERVICES, INC.

The Articles of Incorporation for HAMMOCK BEACH PROPERTY OWNERS ASSOCIATION, INC. were filed on April 3, 2001 and assigned document number N01000002355. Please refer to this number whenever corresponding with this office regarding the above corporation. The certification you requested is enclosed.

PLEASE NOTE: COMPLIANCE WITH THE FOLLOWING PROCEDURES IS ESSENTIAL TO MAINTAINING YOUR CORPORATE STATUS. FAILURE TO DO SO MAY RESULT IN DISSOLUTION OF YOUR CORPORATION.

A CORPORATION ANNUAL REPORT/UNIFORM BUSINESS REPORT MUST BE FILED WITH THIS OFFICE BETWEEN JANUARY 1 AND MAY 1 OF EACH YEAR BEGINNING WITH THE CALENDAR YEAR FOLLOWING THE YEAR OF THE FILING DATE NOTED ABOVE AND EACH YEAR THEREAFTER. FAILURE TO FILE THE ANNUAL REPORT/UNIFORM BUSINESS REPORT ON TIME MAY RESULT IN ADMINISTRATIVE DISSOLUTION OF YOUR CORPORATION.

A FEDERAL EMPLOYER IDENTIFICATION (FEI) NUMBER MUST BE SHOWN ON THE ANNUAL REPORT/UNIFORM BUSINESS REPORT FORM PRIOR TO ITS FILING WITH THIS OFFICE. CONTACT THE INTERNAL REVENUE SERVICE TO RECEIVE THE FEI NUMBER IN TIME TO FILE THE ANNUAL REPORT/UNIFORM BUSINESS REPORT AT 1-800-829-3676 AND REQUEST FORM SS-4.

SHOULD YOUR CORPORATE MAILING ADDRESS CHANGE, YOU MUST NOTIFY THIS OFFICE IN WRITING, TO INSURE IMPORTANT MAILINGS SUCH AS THE ANNUAL REPORT/UNIFORM BUSINESS REPORT NOTICES REACH YOU.

Should you have any questions regarding corporations, please contact this office at the address given below.

Joey Bryan, Document Specialist
New Filing Section

Letter Number: 901A00019828

State of Florida

OFF REC 0741 PAGE 0178



Department of State

I certify the attached is a true and correct copy of the Articles of Incorporation of HAMMOCK BEACH PROPERTY OWNERS ASSOCIATION, INC., a Florida corporation, filed on April 3, 2001, as shown by the records of this office.

The document number of this corporation is N01000002355.

Given under my hand and the
Great Seal of the State of Florida
at Tallahassee, the Capitol, this the
Third day of April, 2001



CR2EO22 (1-99)

Katherine Harris

Katherine Harris
Secretary of State

ARTICLES OF INCORPORATION
OF

HAMMOCK BEACH PROPERTY OWNERS ASSOCIATION, INC.

FILED
01 APR -3 PM 3:47
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

ARTICLE I.

NAME OF CORPORATION

The name of the corporation is HAMMOCK BEACH PROPERTY OWNERS ASSOCIATION, INC. (hereinafter called the "Association").

ARTICLE II.

PRINCIPAL OFFICE OF THE ASSOCIATION

The principal place of business and the mailing address of the Association is located at 5 Blue Heron Lane, Palm Coast, Florida 32137.

ARTICLE III.

REGISTERED OFFICE AND REGISTERED AGENT

The street address of the registered office of the Association is 5 Blue Heron Lane, Palm Coast, Florida 32137, and the name of the initial registered agent at that address is Robert F. Masters, II.

ARTICLE IV.

DEFINITIONS

Unless otherwise provided herein to the contrary, all terms used in these Articles shall have the same definitions and meanings as those set forth in that certain Master Declaration of Covenants, Conditions and Restrictions for Hammock Beach recorded or to be recorded in the Public Records of Flagler County, Florida, as it may from time to time be amended (hereinafter called the "Declaration").

ARTICLE V.

PURPOSE AND POWERS OF THE ASSOCIATION

The Association does not contemplate pecuniary gain or profit. The Association shall have all the powers of a non-profit corporation organized under the laws of the State of Florida, subject only to such limitations upon the exercise of such powers as are expressly set forth in these Articles, the Bylaws, or the Declaration. The Association shall have the power and duty to do any and all lawful things which may be authorized, assigned, required or permitted to be done by the Declaration, any Supplemental Declaration, these Articles and the Bylaws, and to do and perform any and all acts which may be necessary or proper for, or incidental to, the exercise of any of the duties or powers of the Association for the benefit of the Owners and the Members and for the maintenance, administration and improvements of the Properties, Areas of Common Responsibility and Common Property within its jurisdiction. Unless otherwise specifically prohibited, any and all functions, duties and powers of the Association shall be fully transferable, in whole or in part, to any developer, management agent, governmental unit, community development district, public body, or similar entity.

ARTICLE VI.

MEMBERSHIP

Section 1. Members. The Members of the Association shall consist of the Declarant, the Hammock Beach Club Owner, each Subassociation and each Owner who is not a Member of a Subassociation. The Declarant shall be a Member of the Association for so long as Declarant owns any portion of the Properties. Notwithstanding anything else to the contrary set forth in this Article, any such person or entity who holds such interest merely as security for the performance of an obligation shall not be a Member of the Association.

Section 2. Voting. Subject to the restrictions and limitations hereinafter set forth, each Member shall be entitled to the number of votes in the Association computed as follows:

(a) Any Member who is a Subassociation shall have the number of votes equal to the number of Equivalents Units assigned to the Owners who are members of such Subassociation. The votes of Members who are Subassociations shall be exercised by an officer of the Subassociation designated by the Board of Directors of such Subassociation.

(b) The Members who are not members of a Subassociation, other than the Declarant, until it voluntarily relinquishes its right to vote as the Declarant, and the Hammock Beach Club Owner, shall have one vote for each Equivalent Unit assigned to such Member. The votes of Members who are Owners shall be exercised directly by such Owners or their authorized representatives.

(c) The Hammock Beach Club Owner shall have one (1) vote for each Equivalent Unit assigned to the Hammock Beach Club Owner, excluding any Equivalent Units attributable to Units owned by the Hammock Beach Club Owner within the Hammock Beach Club Condominium as established by the Hammock Beach Club Declaration of Condominium.

(d) The Declarant shall have three (3) votes for each of the votes allocated to the Members other than the Declarant. The Declarant shall have such voting rights for so long as it shall own any portion of the Properties, or until it shall voluntarily relinquish its right to vote as the Declarant in Association matters, whichever shall first occur. If the Declarant voluntarily relinquishes its right to vote as the Declarant during the time it still owns any portion of the Properties, the Declarant shall have the right to vote as a Member, as provided in Section 2(b), with respect to any portion of the Properties owned by the Declarant.

When a Member, other than a Subassociation, is comprised of one or more persons or entities, all such persons or entities shall be Members, and the vote(s) held by such Members shall be exercised as they among themselves shall determine; provided, however, in the event joint or multiple person or entity Members are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose the right to vote on the matter in question. In all events, the votes allocated to any Member pursuant to these Articles, cannot be divided for any issue and must be voted as a whole, except where otherwise required by law. The affirmative vote of a majority of the votes allocated to the Members cast at any meeting of the Members duly called at which a quorum is present, or cast by written ballot by a quorum of the membership, shall be binding upon the Members and the Association, except when the approval by a greater number of Members is required by the Declaration, any Supplemental Declaration or applicable law. If any Member casts a vote, it shall be conclusively presumed for all purposes that he was, or they were, acting with all required consent and authority, if any.

Section 3. Declarant Veto. From and after the Declarant's voluntary relinquishment of Declarant's right to vote as the Declarant as provided in Section 2(d), Declarant shall have a veto power over all actions of the Association and Board of the

Association. This power shall expire when the Declarant no longer owns any portion of the Properties or twenty (20) years from the recording of the Declaration, whichever occurs first. The veto shall be exercised as follows:

No action authorized by the Association or the Board shall become effective, nor shall any action, policy or program be implemented, until and unless:

(a) Declarant shall have been given written notice of each meeting of the Members and of the Board by certified mail, return receipt requested or by personal delivery, at the address it has registered from time to time with the Secretary of the Association, which notice otherwise complies with the terms of the Bylaws as to regular and special meetings of the Members and Board, and which notice shall set forth with reasonable particularity the agenda to be followed at said meeting; and

(b) Declarant shall have been given the opportunity at each such meeting, if Declarant so desires, to join in, or to have its representatives or agents join in, discussion of any prospective action, policy or program authorized by the Board, the Association officers, or Association membership, and to be taken by said Board, the officers or agents of the Association, or any individual Member of the Association (if Association or Board approval is necessary for said Member's action). Except as set forth in subsection (c) below, Declarant veto must be exercised by Declarant, its representatives, or agents at or before the meeting to consider proposed action. The veto power shall not include the authority to require any affirmative action on behalf of the Board or the Association; and

(c) If any action, policy or program is to be implemented by prior consent without the formality of a meeting, then Declarant shall be provided a written notice and description of the proposed action, policy or program at least ten (10) days in advance of such implementation, and Declarant shall have ten (10) days after receipt of such notice to exercise its veto.

ARTICLE VII.

BOARD

A. The affairs of the Association shall be managed by a Board consisting of three (3) Directors. Directors need not be Members of the Association and need not be residents of the State of Florida. For so long as it shall own any portion of the Properties, the Declarant shall have the right to appoint two (2) of the Directors and there shall be one (1) Directors elected by the Members of the Association other than the Declarant. In the event

the number of Directors is ever increased or decreased during such time as the Declarant owns any portion of the Properties, the Declarant shall always have the right to appoint a majority of the Board, and the number of Directors shall always be an odd number.

B. Elections shall be by plurality vote. At the first annual election of the Board, the terms of office of the one (1) elected Director shall be established at one (1) year. The Declarant shall appoint two (2) Directors to serve for terms of two (2) years each. Thereafter, as many Directors shall be elected and appointed, as the case may be, as there are regular terms of office of Directors expiring at such time; and the term of each Director so elected or appointed at each annual election shall be for two (2) years expiring at the second annual election following their election, and thereafter until their successors are duly elected and qualified, or until removed from office with or without cause by the affirmative vote of a majority of the Members which elected or appointed them. In no event can a Board member appointed by the Declarant be removed except by action of the Declarant. Any Director appointed by the Declarant shall serve at the pleasure of the Declarant, and may be removed from office, and a successor Director may be appointed, at any time by the Declarant.

C. The names and addresses of the members of the first Board who shall hold office until the first annual meeting of the Members and until their successors are elected or appointed and have qualified, are as follows:

Todd Zehner
5 Blue Heron Lane
Palm Coast, Florida 32137

Robert F. Masters
5 Blue Heron Lane
Palm Coast, Florida 32137

Rymon Wilborn
5 Blue Heron Lane
Palm Coast, Florida 32137

OFFICERS

The day-to-day affairs of the Association shall be administered, subject to the direction and authority of the Board, by the officers of the Association, which shall include a President, Vice President, Secretary and Treasurer and such other officers as permitted by the Bylaws. The officers shall be appointed by the Board and they shall serve at the pleasure of the Board. The names and addresses of the officers who shall serve until their successors are designated by the Board are as follows:

<u>TITLE</u>	<u>NAME</u>	<u>ADDRESS</u>
President	Todd Zehner	5 Blue Heron Lane Palm Coast, Florida 32137
Vice President	Robert F. Masters, II	5 Blue Heron Lane Palm Coast, Florida 32137
Secretary	Rymon Wilborn	5 Blue Heron Lane Palm Coast, Florida 32137
Treasurer	Rymon Wilborn	5 Blue Heron Lane Palm Coast, Florida 32137

ARTICLE IX.

DURATION AND CORPORATE EXISTENCE

The corporation shall exist perpetually. These Articles shall become effective upon filing as prescribed by law.

ARTICLE X.

AMENDMENTS

Section 1. Member's Amendment. These Articles may be altered, amended or repealed upon the affirmative vote of Members holding a majority of the total votes allocated to the Members pursuant to these Articles.

Section 2. Declarant Amendments. Notwithstanding anything herein contained to the contrary, to the extent lawful, Declarant may amend these Articles consistent with the provisions of the Declaration allowing certain amendments to be effected by Declarant alone.

Section 3. Limitations. No amendment shall be made that is in conflict with the Declaration. So long as Declarant shall own any lands within the Properties no Declarant related amendment shall be made to the Declaration, any Supplemental Declaration, or to the Articles or Bylaws of the Association unless such amendment is first approved in writing by Declarant. Any amendment shall be deemed to be Declarant related if it does any of the following:

- (a) directly or indirectly by its provisions or in practical application relates to Declarant in a manner different from the manner in which it relates to other Owners or Members;
- (b) modifies the definitions provided for by Article I of the Declaration in a manner which alters Declarant's rights or status;
- (c) modifies or repeals any provision of Article II of the Declaration;
- (d) alters the character and rights of membership as provided for by Article III of the Declaration or affects or modifies in any manner whatsoever the rights of Declarant as a Member of the Association;
- (e) alters any previously recorded or written agreement with any public or quasi-public agencies, utility company, political subdivision, public authorities or other similar agencies or bodies, respecting zoning, streets, roads, drives, easements or facilities;
- (f) denies the right of Declarant to convey Common Property to the Association;
- (g) modifies the basis or manner of assessment as applicable to Declarant or any lands owned by Declarant; and
- (h) alters or repeals any of Declarant's rights or any provision applicable to Declarant's rights as provided for by any provision of the Declaration, Supplemental Declaration, the Bylaws or these Articles.

BYLAWS

The Bylaws of the Association shall be adopted by the Board and may be altered, amended, or rescinded in the manner provided in the Bylaws.

ARTICLE XII.

INDEMNIFICATION OF OFFICERS AND DIRECTORS

Section 1. The Association shall defend, indemnify and hold harmless any person of the Association who is made a party or is threatened to be made a party to any threatened, pending, or contemplated action, suit or proceedings, whether civil, criminal, administrative, or investigative, by reason of the fact that he is or was a director, officer, committee member, employee or agent of the Association:

(a) From and against expenses (including reasonable attorneys' fees for pretrial, trial, or appellate proceedings), judgments, fines, and amounts paid in settlement actually and reasonably incurred by him in connection with an action, suit, or proceeding (other than one by or in the right of the Association), if he acted in good faith, and, with respect to any criminal action or proceedings, he had no reasonable cause to believe his conduct was unlawful; and

(b) From and against expenses (including reasonable attorneys' fees for pretrial, trial, or appellate proceedings) actually and reasonably incurred by him in connection with the defense or settlement of an action or suit by or in the right of the Association, if he acted in good faith.

Section 2. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith, or, with respect to any criminal action or proceeding, that such person had reasonable cause to believe that his conduct was unlawful.

Section 3. Notwithstanding any other provision hereof to the contrary, no indemnification shall be made in respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable for gross negligence or misconduct in the performance of his duty to the Association.

Section 4. Any indemnification under Section 1 (unless ordered by a court) shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the director or officer, committee member, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in Section 1. Such determination shall be made (a) by the Board by a majority vote of a quorum consisting of Directors who were not parties to such action, suit, or proceeding, or (b) if such quorum is not obtainable, or even if obtainable and a quorum of disinterested Directors so directs, by a majority vote of Members of the Association.

Section 5. Expenses incurred in defending a civil or criminal action, suit, or proceeding shall be paid by the Association from time to time as incurred rather than only after the final disposition of such action, suit, or proceeding. Payment of such expenses shall be authorized by the Board in each specific case only after receipt by the Association of an undertaking by or on behalf of the director or officer to repay such amounts if it shall later develop that he is not entitled to be indemnified by the Association.

Section 6. The indemnification provided by this Article shall not be deemed exclusive of any other rights to which the Association's directors, officers, committee members, employees or agents may be entitled under the Association's bylaws, agreement, vote of Members or disinterested directors, or otherwise, both as to actions in their official capacities and as to action in another capacity while holding such offices or positions, and shall continue as to a person who has ceased to be a director, officer, committee member, agent or employee and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 7. Notwithstanding the foregoing provisions, indemnification provided under this Article shall not include indemnification for any action of a director, officer, committee member, agent or employee of the Association for which indemnification is deemed to be against public policy. In the event that indemnification provided under this Article is deemed to be against public policy, such an event shall not invalidate or affect any other right or indemnification herein provided.

Section 8. The Association shall have the power, but shall not be obligated, to purchase and maintain indemnification insurance to provide coverage for any liability asserted against any director, officer, committee member, agent or employee of the Association in any of his capacities as described in Section 1, whether or not the Association would have the power to indemnify him or her under this Article.

Section 9. Any person requesting indemnification shall first look to any insurance maintained by the Association for indemnification against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement (as described above). The Association shall be obligated to indemnify such person (if entitled to indemnification by the Association) only to the extent such insurance does not indemnify such person. In the event that any expenses, judgments, fines, or amounts paid in settlement are paid pursuant to insurance maintained by such Association, the Association shall have no obligation to reimburse the insurance company.

ARTICLE XIII.

INCONSISTENCY

In the event of any inconsistency between the terms and provisions contained in the Declaration and those contained in these Articles of Incorporation, the terms and provisions of the Declaration shall prevail.

ARTICLE XIV.

TRANSACTION IN WHICH DIRECTORS, MEMBERS OR OFFICERS ARE INTERESTED

A. No contract or transaction between the Association and one or more of its Directors, Members or officers, or between the Association and any other corporation, partnership, association, or other organization in which one or more of its Directors, Members or officers are Directors, members or officers, or in which they have a financial interest, shall be invalid, void or voidable solely for this reason, or solely because the Director, member or officer is present at or participates in the meeting of the Board or committee thereof which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose. All such contracts or transactions shall, however, be fair and reasonable and upon terms reasonably comparable to those which could be obtained in arms-length transactions with unrelated entities. No Director, Member or Officer of the Association shall incur liability by reason of the fact that he is or may be interested in any such contract or transaction.

B. Interested Directors may be counted in determining the presence of a quorum at a meeting of the Board or of a committee which authorized the contract or transaction.

ARTICLE XV.

MERGERS AND CONSOLIDATIONS

Subject to the provisions of the Declaration applicable to the Property and to the extent permitted by law, the Association may participate in mergers and consolidations with other nonprofit corporations organized for the same purposes, provided that any such merger or consolidation shall be approved in the manner provided by Chapter 617, Florida Statutes as the same may be amended from time to time. For purposes of any vote of the Members required pursuant to said statutes, for so long as the Declarant shall own any portion of the Properties, any such merger or consolidation shall require the Declarant's prior approval.

ARTICLE XVI.

INCORPORATOR

The name and address of the incorporator is as follows:

Robert F. Masters, II
5 Blue Heron Lane
Palm Coast, Florida 32137

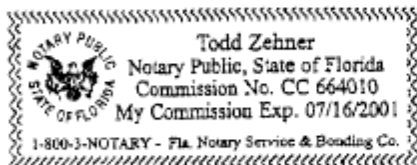
IN WITNESS WHEREOF, the undersigned pursuant to the laws of the State of Florida, has executed these Articles of Incorporation as of March 30, 2001.

By: Robert F. Masters, II
Robert F. Masters, II
Incorporator

STATE OF FLORIDA }
 }SS
COUNTY OF FLAGLER }

OFF REC 0741 PAGE 0190

The foregoing Articles of Incorporation were acknowledged before me this 30 day of March, 2001, by Robert F. Masters, II, the Incorporator of HAMMOCK BEACH PROPERTY OWNERS ASSOCIATION, INC.



(Print Name) TODD A ZEHNER

NOTARY PUBLIC

State of Florida at Large

Commission # CC 664010

My Commission Expires:

Personally Known ✓

or Produced I.D. _____

[check one of the above]

Type of Identification Produced _____

IN COMPLIANCE WITH SECTION 617.0501, FLORIDA STATUTES, THE FOLLOWING IS SUBMITTED:

HAMMOCK BEACH PROPERTY OWNERS ASSOCIATION, INC., DESIRING TO ORGANIZE UNDER THE LAWS OF THE STATE OF FLORIDA WITH ITS PRINCIPAL PLACE OF BUSINESS AT 5 BLUE HERON LANE, PALM COAST, FLORIDA 32137, HAS NAMED ROBERT F. MASTERS, II, WHOSE ADDRESS IS 5 BLUE HERON LANE, PALM COAST, FLORIDA 32137, AS ITS REGISTERED AGENT TO ACCEPT SERVICE OF PROCESS WITHIN THE STATE OF FLORIDA. SAID REGISTERED AGENT'S ADDRESS IS THE CORPORATION'S REGISTERED OFFICE.

**HAMMOCK BEACH PROPERTY
OWNERS ASSOCIATION, INC.**

By: Robert F. Masters
Robert F. Masters, II
Incorporator
Dated: March 30, 2001

HAVING BEEN NAMED TO ACCEPT SERVICE OF PROCESS FOR THE ABOVE NAMED CORPORATION, AT THE PLACE DESIGNATED IN THIS CERTIFICATE, I HEREBY AGREE TO ACT IN THIS CAPACITY, AND I FURTHER AGREE TO COMPLY WITH THE PROVISIONS OF ALL STATUTES RELATIVE TO THE PROPER AND COMPLETE PERFORMANCE OF MY DUTIES.

Robert F. Masters
Robert F. Masters, II
Registered Agent
Dated: March 30, 2001

FILED
01 APR - 3 PM 3:47
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

EXHIBIT "C"
BYLAWS

OFF
REC 0741 PAGE 0192

BYLAWS

OF

OFF
REC 0741 PAGE 0193

HAMMOCK BEACH PROPERTY OWNERS ASSOCIATION, INC.

1. Definitions. Capitalized terms used in these Bylaws shall have the same definitions and meanings as are set forth for those terms in the Master Declaration of Covenants, Conditions and Restrictions for Hammock Beach as recorded or to be recorded in the Public Records of Flagler County, Florida, as amended from time to time (the "Declaration").

2. Identity. These are the Bylaws of HAMMOCK BEACH PROPERTY OWNERS ASSOCIATION, INC., a corporation not for profit organized pursuant to Chapter 617, Florida Statutes (the "Association").

2.1 Office. The office of the Association shall be located at 5 Blue Heron Lane, Palm Coast, Florida 32137, or at such other place as may be designated from time to time by the Board of Directors.

2.2 Fiscal Year. The fiscal year of the Association shall be the calendar year.

2.3 Seal. The seal of the Association shall bear the name of the corporation, the word, "Florida", the words, "Corporation not for profit", and the year of incorporation.

3. Membership and Voting Rights.

The Subassociations, the Hammock Beach Club Owner, the Owners who are not members of a Subassociation and the Declarant, as long as it owns any Properties subject to the Declaration, shall be Members of the Association as provided in the Articles of Incorporation of the Association and shall have the voting rights as set forth in the Articles of Incorporation, provided that any person or entity who holds any interest in the Properties only as a security for the performance of an obligation shall not be a Member. Membership of the Owners who are not members of a Subassociation shall be appurtenant to, and may not be separated from, ownership of such Owners' Units within the Properties.

4. Members' Meetings.

4.1 Annual Members' Meetings. The annual Members' meeting shall be held on the date, at the place and at the time determined by the Board of Directors from time to time, provided that there shall be an annual meeting every calendar year and, to the extent possible, no later than twelve (12) months after the last preceding annual meeting. The purpose of the meeting shall be, except as provided herein to the contrary, to elect Directors, and to transact any other business authorized to be transacted by the Members, or as otherwise stated in the notice of the meeting sent to the Members in advance thereof. Unless changed by the Board of Directors, the first annual meeting shall be held in the month of November following the year in which the Declaration is recorded in the public records. Each Member shall be responsible for registering his address and telephone number with the Secretary, and notice of the meeting shall be mailed to him at such address.

4.2 Special Members' Meetings. Special meetings of the Members for any purpose may be called at any time by the Chairman of the Board of Directors, the President, the Vice President, the Secretary or Treasurer, by any two (2) or more members of the Board of Directors or upon the written request of Members holding a majority of all votes allocated to the entire Membership.

4.3 Notice of All Meetings of Members. Notice of the Annual Meeting of the Members shall be delivered to the Members at least thirty (30) days in advance. Notice of any other meeting, regular or special, shall be mailed at least seven (7) 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 any action as governed by the Articles of Incorporation or the Declaration in which other notice provisions are provided for, notice shall be given or sent as therein provided.

4.4 Quorum; Voting. A quorum at Members' meetings shall consist of the presence, either in person or by proxy, of persons entitled to cast at least thirty percent (30%) of the total voting interests in the Association. If a quorum is present, the concurrence of at least a majority of the voting interests present, in person or by proxy, and entitled to vote on the subject matter shall constitute the act of the Members and shall be binding upon all Members for all purposes, except when the approval by a greater number of Members is required by the Declaration, any Supplemental Declaration or applicable law. After a quorum has been established at a Members' meeting, the subsequent withdrawal of Members so as to reduce the number of votes at the meeting below the number required for a quorum shall not affect the validity of any action taken at the meeting or any adjournment thereof.

4.5 Proxies. Except for elections of the Board of Directors, the Members have the right to vote in person or by proxy. To be valid, a proxy must be dated, must state the date, time and place of the meeting for which it was given and must be signed by the authorized person who executed the proxy. The proxy must be filed with the Secretary. A proxy is only effective for the specific meeting for which it was originally given, as the meeting may lawfully be adjourned and reconvened from time to time, and automatically expires ninety (90) days after the date of the meeting for which it was originally given. A proxy is revocable at any time at the pleasure of the person who executes it. If the proxy form expressly so provides, any proxy holder may appoint, in writing, a substitute to act in his place. If such provision is not made, substitution is not permitted. For elections of the Board of Directors, the Members shall vote in person at a meeting of the Members or by a written ballot that each Member personally casts.

4.6 Adjourned Meetings. Adjournment of an annual or special meeting to a different date, time or place must be announced at that meeting before an adjournment is taken or notice must be given of the new date, time or place pursuant to applicable law. Any business that might have been transacted on the original date of the meeting may be transacted at the adjourned meeting. If, however, after the adjournment, the Board of Directors fixes a new record date for the adjourned meeting, a notice of the adjourned meeting shall be given in compliance with these Bylaws to each Member on the new record date entitled to vote at such meeting.

4.7 Order of Business. The order of business at annual Members' meetings, and as far as practical at all other Members' meetings, shall be:

- (a) Call to order;
- (b) Appointment of a chairman of the meeting (who need not be a Member or Director);
- (c) Calling of the roll and certifying of proxies;
- (d) Proof of notice of meeting or waiver of notice;
- (e) Reading and approval of minutes of prior meeting(s);
- (f) Reports of Directors and Officers;
- (g) Reports of Committees;
- (h) Appointment and election of Directors at annual meetings;
- (i) Unfinished business;
- (j) New business; and
- (k) Adjournment.

4.8 Participation by Owners. Subject to the following and such further reasonable restrictions as may be adopted from time to time by the Board of Directors, Owners

shall have the right to speak at the annual and special meetings of the Members, committee meetings and Board of Directors meetings with reference to all designated agenda items. A Owner does not have the right to speak with respect to items not specifically designated on the agenda, provided, however, that the Board of Directors may permit an Owner to speak on such items in its discretion. Any Owner may tape record or videotape a meeting, subject to the following and such further reasonable restrictions as may be adopted from time to time by the Board of Directors: (a) the only audio and video equipment and devices which Owners are authorized to utilize at any such meeting is equipment which does not produce distracting sound or light emissions; (b) audio and video equipment shall be assembled and placed in position in advance of the commencement of the meeting; (c) anyone videotaping or recording a meeting shall not be permitted to move about the meeting room in order to facilitate the recording; and (d) at least 48 hours prior written notice shall be given to the Secretary by any Owner desiring to make an audio or video taping of the meeting.

4.9 Minutes of Meetings. The Association shall maintain minutes of all meetings of the membership and of the Board of Directors in written form or in another form that can be converted into written form within a reasonable time. A vote or abstention from voting on each matter voted upon for each director present at a board meeting, must be recorded in the minutes. The minutes shall be available for inspection by Members or Owners at any reasonable time. The Association shall retain minutes for a period of not less than seven (7) years.

5. Board of Directors.

5.1 Required Quorum and Approval Requirements. A majority of the Board of Directors of the Association (the "Board") shall constitute a quorum to transact business at any meeting of the Board, and the action of the majority present at a meeting at which a quorum is present shall constitute the action of the Board.

5.2 Vacancies. Any vacancy occurring on the Board because of death, resignation or other termination of services of any Director, shall be filled by the Board, except that the Declarant, to the exclusion of other Members and/or the Board itself, shall fill any vacancy created by the death, resignation, removal or other termination of services of any Director appointed by the Declarant. A Director elected or appointed to fill a vacancy shall be elected or appointed for the unexpired term of his predecessor in office and thereafter until his successor shall have been elected or appointed and qualified.

5.3 Election of Directors.

A. Nominations for the election of Board members (other than Board members appointed by the Declarant shall be made by the Nominating Committee described in Article 13 hereof, or upon petition in accordance with Section C. of this Article V. The Nominating Committee shall make as many nominations as it shall, in its discretion, determine.

B. The Declarant shall, within fourteen (14) days of the date set for the annual meeting of the Association, notify the Secretary of the names of the Directors that Declarant is appointing to the Board.

C. Petitions for nominees shall be submitted by the Members, other than the Declarant, and received by the Secretary of the Association not less than thirty (30) days prior to the date fixed for the annual meeting of the Members. Nominations and notification of the vacancies being filled by the Declarant shall be placed on the written ballot referenced in Section D of this Article V.

D. All elections to the Board shall be made on written ballots to be voted at the annual meeting or, in the discretion, of the Board, by mail, provided such ballots are mailed to the Members not less than fifteen (15) days prior to the date fixed for the annual meeting. The ballots shall (i) describe the vacancies to be filled by the Members other than the Declarant; (ii) set forth the names of those nominated for each such vacancy; and (iii) set forth the names of those appointed to the Board by the Declarant. Each Member may cast the number of votes to which such Member is entitled as set forth in the Articles of Incorporation.

E. In order for an election of Members of the Board to be valid and binding, the election must occur at a meeting of the Members at which a quorum is present; or if the election is conducted by mail, the Association must receive as of the date established by the Board for receipt of ballots, a number of ballots representing not less than a quorum of the Members.

5.4 Directors Fees. Directors shall serve without compensation or fees; provided, however, nothing herein shall be deemed to prevent reimbursement of out-of-pocket expenses approved by the Board and incurred on behalf of the Association.

6. Meetings of Directors.

6.1 Regular Meetings. Regular meetings of the Board shall be held at least quarterly without notice at such place and hour as may be fixed from time to time by resolution of the Board. If the day for such regular meeting is a legal holiday, then the meetings shall be held at the same time on the next day that is not a legal holiday. Notice of such regular meeting is hereby dispensed with. Regular meetings of the Board shall be open to the Owners, except for meetings between the Board and its attorney with respect to proposed or pending litigation where the contents of the discussion would otherwise be governed by the attorney-client privilege.

6.2 Special Meetings. Special meetings of the Directors may be called by the Chairman of the Board, by the President or Vice President of the Association, or by any two (2) directors. Not less than two (2) days notice of the special meeting shall be given to each director, which notice shall state the time, place and purpose of the meeting. Except in the case of any emergency, notice of such meetings shall be posted conspicuously on the Properties forty-eight (48) hours in advance of the special meeting for the attention of Members. All special meetings of the Board shall be open to the Owners, except for meetings between the Board and its attorney with respect to proposed or pending litigation where the contents of the discussion would otherwise be governed by the attorney-client privilege.

6.3 Action Taken Without Notice. The transaction of any business at any meeting of the Board, however, called and noticed, or wherever held, shall be as valid as though made at a meeting duly held after regular call and notice if a quorum is present and, if either before or after the meeting, each of the directors not present signs a written waiver of notice, or a consent to the holdings of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the Associations' records and made a part of the minutes of the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting.

6.4 Defects in Notice, etc. Waived by Attendance. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting and a waiver of any and all objections to the place of the meeting, the time of the meeting, or the manner in which it has been called or convened, except when a director states, at the beginning of the meeting, any objection to the transaction of business because the meeting is not lawfully called or convened. Directors may participate in a meeting of such Board by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting

can hear each other at the same time. Participation by such means shall constitute presence in persons at a meeting.

6.5 Adjourned Meetings. A majority of the directors present, whether or not a quorum exists, may adjourn any meeting of the Board to another time and place. Notice of any such adjourned meeting shall be given to the directors who were not present at the time of the adjournment and, unless the time and place of the adjourned meeting are announced at the time of the adjournment, to the other directors.

6.6 Action by Directors Without a Meeting. Any action required to be taken at a meeting of the directors or a committee thereof, may be taken without a meeting if a consent in writing setting forth the action so to be taken signed by all of the directors or all the members of the committee, as the case may be, is filed in the minutes of the proceedings of the Board or of the committee. Such consent shall have the same effect as a unanimous vote.

6.7 Presiding Officer. The presiding officer of directors' meetings shall be the President. In the absence of the President, the Vice President shall preside, and in the absence of both, the directors present shall designate one of their number to preside.

6.8 Powers and Duties of Board of Directors. All of the powers and duties of the Association existing under Chapter 617, Florida Statutes, the Declaration, a Supplemental Declaration, the Articles, and these Bylaws, shall be exercised by the Board, subject only to approval by Members when such is specifically required.

7. Officers.

7.1 Officers and Election. The executive officers of the Association shall be a President, who shall be selected from the Board, a Vice President, a Treasurer, and a Secretary, all of whom shall be appointed annually by the Board and who may be peremptorily removed by vote of the directors at any meeting. Any person may hold two or more offices except that the President shall not also be the Secretary. The Board shall from time to time elect such other officers and designate their powers and duties as the Board shall find necessary or convenient to manage properly the affairs of the Association.

7.2 President. The President shall be the chief executive officer of the Association. He shall have all of the powers and duties which are usually vested in the office of President of an association, including but not limited to the power to appoint committees from among the Members from time to time as he may in his discretion determine appropriate to

assist in the conduct of the affairs of the Association. He shall serve as chairman of all Board and Members' meetings.

7.3 Vice President. The Vice President shall, in the absence or disability of the President, exercise the powers and perform the duties of the President. He shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the directors.

7.4 Secretary. The Secretary shall keep the minutes of all proceedings of the directors and the Members. He shall attend to the giving and serving of all notices to the Members and directors and other notices required by law. He shall keep the records of the Association, except those of the Treasurer and shall perform all other duties incidental to the office of the Secretary of an association and as may be required by the directors or the President. The duties of the Secretary may be fulfilled by a manager employed by the Association.

7.5 Treasurer. The Treasurer shall have custody of all property of the Association, including funds, securities, and evidences of indebtedness. He shall keep the books of the Association in accordance with good accounting practices and provide for collection of assessments; and he shall perform all other duties incident to the office of Treasurer. The duties of the Treasurer may be fulfilled by a manager employed by the Association.

7.6 Compensation. The compensation, if any, of the officers shall be fixed by the Board.

8. Books and Records. The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member or Owner. The Declaration, any Supplemental Declaration, the Articles and the Bylaws of the Association shall be available for inspection by any Member or Owner at the principal office of the Association, where copies may be purchased at reasonable cost.

9. Fiscal Management. The provisions for fiscal management of the Association set forth in the Declaration shall be supplemented by the following provisions.

9.1 Accounts. The receipts and expenditures of the Association shall be credited and charged to accounts under the following classifications and any other classifications as shall be appropriate, when authorized and approved by the Board. The receipts shall be entered by their amounts and by accounts and receipt classifications. Expenses shall be entered by their amounts and by accounts and expense classifications.

(a) Current Expense. The current expense account shall include all receipts and expenditures to be made within the year for which the expenses are budgeted and may include a reasonable allowance for contingencies and working funds. The balance in this fund at the end of each year shall be applied to reduce the assessments for current expense for the succeeding year or to fund reserves. This may include but not limited to:

- (1) Professional, administration and management fees and expense;
- (2) Taxes on Common Property;
- (3) Expense for utility services and maintenance expense relating to the Areas of Common Responsibility and Common Property;
- (4) Insurance costs;
- (5) Administrative and salary expenses;
- (6) Operating capital; and
- (7) Other expenses.

(b) Reserve for Deferred Maintenance. If required by the Board, there shall be established a reserve account for deferred maintenance which shall include funds for major maintenance items which are the obligation of the Association and which occur less frequently than annually.

(c) Reserve for Replacement. If required by the Board, there shall be established a reserve account for replacement which shall include funds for repairs or replacements which the Association is obligated to make resulting from damage, depreciation or obsolescence.

9.2 Budget. The Board shall adopt an operating budget for the Properties in advance for each calendar year which shall include the estimated funds required to defray the current expenses and shall provide funds for the foregoing reserves. The operating budget shall provide separate expense and reserve figures for the Common Properties and the Areas of Common Responsibility so as to permit appropriate allocation of assessments therefor among all Units.

9.3 Depository. The depository of the Association will be such FDIC insured bank or banks, as shall be designated from time to time by the Board. The withdrawal of money from such account(s) shall be only by checks signed by such persons as authorized by the Board; provided, however, that the provisions of a management agreement between the Association and a manager relative to the subject matter of this section shall supersede the provisions hereof.

10. Parliamentary Rules. Roberts' Rules-Of Order (latest edition) shall govern the conduct of Association meetings, when not in conflict with these Bylaws.

11. Amendment. Amendments to these Bylaws shall be proposed and adopted in the following manner:

11.1 Method of Adoption. These Bylaws may be amended or repealed and new Bylaws adopted by a majority vote of the Board or Directors present, in person or by proxy, and entitled to vote at a regular or special meeting of the Board; provided that any matter which is in fact governed by the Declaration may not be amended except as provided in the Declaration.

11.2 Declarant Approval. So long as Declarant shall own any lands within the Properties, no Declarant related amendment shall be made to these Bylaws unless such amendment is first approved in writing by Declarant. Any amendment shall be deemed to be Declarant related if it does any of the following:

- (a) directly or indirectly by its provisions or in practical application relates to Declarant in a manner different from the manner in which it relates to other Owners or Members;
- (b) Modifies the definitions provided for by Article I of the Declaration in a manner which alters Declarant's rights or status;
- (c) modifies or repeals any provision of Article II of the Declaration;
- (d) alters the character and rights of membership as provided for by Article III of the Declaration or affects or modifies in any manner whatsoever the rights of Declarant as a Member of the Association;
- (e) alters any previously recorded or written agreement with any public or quasi-public agencies, utility company, political subdivision, public authorities or other similar agencies or bodies, respecting zoning, streets, roads, drives, easements or facilities;
- (f) denies the right of Declarant to convey Common Property to the Association;
- (g) modifies the basis or manner of assessment as applicable to Declarant or any lands owned by Declarant; and

(h) alters or repeals any of Declarant's rights or any provision applicable to Declarant's rights as provided for by any provision of the Declaration or any Supplemental Declaration.

12. Pronouns. Whenever the context permits, the singular shall include the plural and one gender shall include all.

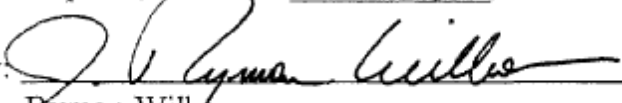
13. Committees.

13.1 The standing committees of the Association shall be the Nominating Committee and the Covenants Committee. The Nominating Committee shall have the duties, authority and functions as described elsewhere in these Bylaws. The Covenants Committee shall have the duties, authority and functions as described in the Declaration.

13.2 The Board shall have the power and authority to appoint such other committees as it deems advisable. Any such other committee appointed by the Board shall consist of two (2) or more members of the Board. Committee members shall serve at the pleasure of the Board, and shall perform such duties and functions as the Board may direct.

14. Inconsistencies. In the event of any inconsistency between the provisions of these Bylaws and the Declaration or Articles of Incorporation, the provisions of the Declaration and Articles of Incorporation shall control.

Adopted by the Board of Directors of Hammock Beach Property Owners Association, Inc., a Florida corporation not-for-profit, effective March 30, 2001

By: 
Rymon Wilborn
Secretary