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**DECLARATION OF RECREATIONAL COVENANTS,
RESTRICTIONS AND EASEMENTS
FOR
CINNAMON BEACH AT OCEAN HAMMOCK
RECREATIONAL PROPERTY**

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**DECLARATION OF RECREATIONAL COVENANTS,
RESTRICTIONS AND EASEMENTS
FOR
CINNAMON BEACH AT OCEAN HAMMOCK
RECREATIONAL PROPERTY**

THIS DECLARATION OF RECREATIONAL COVENANTS, RESTRICTIONS AND EASEMENTS FOR CINNAMON BEACH AT OCEAN HAMMOCK RECREATIONAL PROPERTY ("Recreational Covenants") is made as of the 18th day of February, 2002, by CENTEX HOMES, a Nevada general partnership, its successors and assigns ("Declarant"), and is joined in by CINNAMON BEACH AT OCEAN HAMMOCK RECREATION ASSOCIATION, INC., a Florida corporation not for profit ("Recreation Association"), and CENTEX LAND INVESTMENTS II, LLC, a Delaware limited liability company.

WHEREAS, Declarant is the owner in fee simple of the real property more particularly described on Exhibit A ("Recreational Property") attached hereto and made a part hereof; and

WHEREAS, Declarant desires to develop the Recreational Property in a community to be known as "Cinnamon Beach" as hereinafter set forth; and

WHEREAS, in order to develop and maintain the Recreational Property for recreational and social purposes and to preserve the values and amenities of such Recreational Property, it is necessary to declare, commit and subject the Recreational Property and the improvements now or hereafter constructed thereon to certain land use covenants, restrictions, reservations, regulations, burdens, liens, and easements; and to delegate and assign to the Recreation Association certain powers and duties of ownership, administration, operation, maintenance and enforcement; and

WHEREAS, the Recreation Association is joining in these Recreational Covenants in order to acknowledge its obligations hereunder; and

NOW, THEREFORE, in consideration of the premises and covenants herein contained, Declarant hereby declares that the Recreational Property shall be owned, held, used, transferred, sold, conveyed, demised and occupied subject to the covenants, restrictions, easements, reservations, regulations, burdens and liens hereinafter set forth, all of which shall run with the Recreational Property and any part thereof and which shall be binding upon all parties having any right, title or interest in the Recreational Property or any part thereof, their heirs, successors and assigns.

The terms used in these Recreational Covenants shall be defined as set forth herein unless expressly provided otherwise.

A. "Amendment(s)" shall mean any and all amendments to these Recreational Covenants, all of which shall be consecutively numbered beginning with the "First Amendment to the Declaration of Recreational Covenants, Restrictions and Easements for Cinnamon Beach Recreation Property" and each of which shall be properly adopted pursuant to the terms of the Cinnamon Beach Documents and recorded in the Public Records of the County; provided, however, the failure to so consecutively number such amendments shall not impair their validity hereunder and such amendments to the extent not otherwise numbered will be deemed to have been numbered in chronological order of their appearance in the Public Records of the County. "Amendment(s)" shall also mean any and all amendments to any Supplemental Declaration, as recorded in the Public Records of the County.

B. "Architectural Review Board" or "ARB" means the board created pursuant to Article VIII of the Master Declaration.

C. "Articles" means the Articles of Incorporation of the Recreation Association, a copy of which is attached hereto and made a part hereof as Exhibit B and any amendments thereto.

D. "Board" means the Board of Directors of the Recreation Association.

E. "Bylaws" means the Bylaws of the Recreation Association, a copy of which is attached hereto and made a part hereof as Exhibit C and any amendments thereto.

F. "CDD" or "District" means the Community Development District known as Dunes Community Development District, which has the power to impose taxes or assessments, or both taxes and assessments, on this property through a special taxing district. These taxes and assessments pay the construction, operation, and maintenance costs of certain public facilities of the district and are set annually by the governing board of the district. These taxes and assessments are in addition to county and all other taxes and assessments provided for by law.

G. "Cinnamon Beach" means the planned residential community planned for development in accordance with the "Plan of Development" set forth herein and which comprises a part of the residential community known as Ocean Hammock, which is being developed by Lowe Ocean Hammock, Ltd., a Florida limited partnership. Cinnamon Beach is intended to be comprised of a single-family neighborhood which is intended to be comprised of one hundred eleven (111) single-family Lots, a multi-family neighborhood which is intended to be comprised of two hundred seventy-five (275) condominium units, and the Recreational Property.

H. "Completed" means the status of construction where a certificate of occupancy for a Home constructed on a Lot or a Condominium Unit in a Condominium has been issued by the appropriate governmental agency.

I. "Completed Condominium Unit" means any Condominium Unit which has been issued a certificate of occupancy by the appropriate governmental agency.

J. "Completed Lot" means any Lot which has been issued a certificate of occupancy for a Home constructed thereon by the appropriate governmental agency.

K. "Completed Lot Owner" means the Owner of a Completed Lot.

L. "Completed Unit Owner" means the Owner of a Completed Condominium Unit.

M. "Condominium" means any condominium that may be created within Cinnamon Beach by the recording of a Condominium Declaration.

N. "Condominium Declaration" means a Declaration of Condominium, and any amendments thereto, by which a portion of Cinnamon Beach is submitted to the condominium form of ownership.

O. "Condominium Unit" means a condominium unit in a Condominium created within Cinnamon Beach.

P. "County" means Flagler County, Florida.

Q. "Declarant" means Centex Homes, a Nevada general partnership (hereinafter referred to as "Centex"), and any successor or assign thereof to which Centex specifically assigns all or part of the rights of Declarant hereunder by an express written assignment, whether recorded in the Public Records of the County or not. The written assignment may give notice as to which rights of Declarant are to be exercised and as to which portion of the Recreational Property. In any event, any subsequent declarant shall not be liable for any default or obligations incurred by any prior declarant, except as may be expressly assumed by the subsequent declarant. An Owner shall not, solely by the purchase of a Home and/or Lot and/or a Condominium Unit in Cinnamon Beach, be deemed a successor or assign of Declarant under the Recreational Documents unless such Owner is specifically so designated as a successor or assign of such rights in the instrument of conveyance or any other instrument executed by Declarant.

R. "Director" means a member of the Board.

S. "Home" means a residential dwelling unit in Cinnamon Beach intended as an abode for one family.

T. "Improvement(s)" shall mean all structures or artificially created conditions and appurtenances thereto of every type and kind located within Cinnamon Beach, including, but not limited to, buildings, walkways, recreation areas and facilities, parking areas, berms, fountains, sprinkler pipes, gatehouses, roads, driveways, fences, retaining walls, underground footers and other foundation supports, stairs, landscaping, hedges, plantings, poles, swings, tennis courts, swimming pools, covered patios, screen enclosures, jogging, bicycling and walking paths, basketball backboards and hoops, signs, site walls, benches, mailboxes, decorative street lights and signs.

U. "Incomplete" means the status of construction where a certificate of occupancy for a Home constructed on a Lot or a Condominium Unit has not been issued by the appropriate governmental agency but which Lot has been cleared, filled and compacted and is ready to receive a Home thereon.

V. "Incomplete Condominium Unit" means any Condominium Unit which has not been issued a certificate of occupancy by the appropriate governmental agency.

W. "Incomplete Lot" means any Lot which has not been issued a certificate of occupancy for a Home constructed thereon by the appropriate governmental agency.

X. "Incomplete Lot Owner" means the Owner of an Incomplete Lot.

Y. "Institutional Mortgage" means a mortgage held by an Institutional Mortgagee on any property within Cinnamon Beach.

Z. "Institutional Mortgagee" or "Institutional Lender" means any lending institution owning a first mortgage encumbering any Home or Lot or Condominium Unit within Cinnamon Beach, which owner and holder of said mortgage shall either be a bank, life insurance company, federal or state savings and loan association, real estate or mortgage investment trust, building and loan association, mortgage banking company licensed to do business in the State of Florida, or any subsidiary thereof, licensed or qualified to make mortgage loans in the State of Florida or a national banking association chartered under the laws of the United States of America or any "secondary mortgage market institution," including the Federal National Mortgage Association ("FNMA"), Government National Mortgage Association ("GNMA"), Federal Home Loan Mortgage Corporation ("FHLMC") and such other secondary mortgage market institutions as the Board shall hereafter approve in writing; any and all lenders, and the successors and assigns of such lenders, which have loaned money to Declarant and which hold a mortgage on any portion of the Recreational Property securing any such loan; any pension or profit-sharing funds qualified under the Internal Revenue Code; the Veterans Administration, the Federal Housing Administration or the Department of Housing and Urban Development or such other lender as is generally recognized in the community as an institutional lender; or Declarant, its successors and assigns.

AA. "Interest" means the maximum nonusurious interest rate allowed by law on the subject debt or obligation, and if no such rate is designated by law, then eighteen percent (18%) per annum.

BB. "Lake Lot" means a Lot which abuts one of the Lakes in Cinnamon Beach as shown on the Plat.

CC. "Legal Fees" means reasonable fees for attorney and paralegal services incurred in connection with: (i) negotiation and preparation for litigation, whether or not an action is actually begun, through and including all trial and appellate levels and postjudgment proceedings; (ii) arbitration proceedings; and (iii) collection of past due Recreation Assessments including, but not limited to, preparation of notices and liens; and shall also include court costs through and including all trial and appellate levels and postjudgment proceedings.

DD. "Lot" means a portion of Cinnamon Beach as shown on the Plat, upon which a Home is permitted to be erected.

EE. "Master Association" means Ocean Hammock Property Owners Association, Inc., a Florida corporation not for profit, organized to administer the Master Declaration.

FF. "Master Declaration" means the Amended and Restated Master Declaration of Covenants, Conditions and Restrictions for Ocean Hammock recorded in Official Records Book 753, Pages 1118 through 1275 of the Public Records of the County as such document has been and may be amended or supplemented from time to time.

GG. "Master Documents" means the Master Declaration and any amendments or supplements thereto which applies to Cinnamon Beach and which submits Cinnamon Beach to the terms and provisions of the Master Declaration, the Articles of Incorporation of the Master Association and Bylaws of the Master Association and all of the instruments or documents referred to or incorporated therein including, but not limited to, amendments to any of the foregoing, as applicable.

HH. "Member" means all of the Owners who are also members of the Recreation Association, as provided herein.

II. "Notice And Hearing" shall mean written notice and a public hearing before a tribunal appointed by the Board at which the Owner concerned shall have an opportunity to be heard in person or by counsel, at Owner's expense, in the manner set forth in Article XI herein.

JJ. "Owner" means the record owner, whether one or more persons or entities, of the fee simple title to any Lot or Home or Condominium Unit within Cinnamon Beach, and includes Declarant for as long as Declarant owns fee simple title to a Lot or Home or Condominium Unit, but excluding therefrom those having such interest as security for the performance of an obligation.

KK. "Plat" means the plat of Ocean Hammock Parcel A-5 Plat One, which is the Plat of Cinnamon Beach, recorded in Map Book 33, Pages 20 through 25, and the Plat Addendum recorded in Official Records Book 790, Pages 0459 through 0466, both of the Public Records of the County. In the event an "Additional Plat" is recorded in the Public Records of the County, then the term "Plat" as used herein shall also mean the Additional Plat.

LL. "Recreation Association" means Cinnamon Beach at Ocean Hammock Recreation Association, Inc., a Florida corporation not for profit.

MM. "Recreation Assessments" means the assessments for which all Owners are obligated to the Recreation Association and include "Individual Assessments" and "Special Assessments" (as such terms are defined in Article V hereof) and any and all other assessments which are levied by the Recreation Association in accordance with the Recreational Documents.

NN. "Recreation Operating Expenses" means the expenses for which Owners are liable to the Recreation Association as described in these Recreational Covenants and any other Recreational Documents and include, but are not limited to, the costs and expenses incurred by the Recreation Association in administering, operating, maintaining, financing, or repairing, and reserves for deferred maintenance, but not reconstructing, replacing or improving, the Recreational Property or any portion thereof and Improvements thereon, all other property owned by the Recreation Association and all costs and expenses incurred by the Recreation Association in carrying out its powers and duties hereunder or under any other Recreational Documents.

OO. "Recreational Covenants" means this document and any amendments hereto.

PP. "Recreational Documents" means in the aggregate these Recreational Covenants, the Plat, the Articles and Bylaws and all of the instruments and documents referred to or incorporated therein, including, but not limited to, amendments to any of the foregoing, as applicable.

QQ. "Recreational Property" means such portions of Cinnamon Beach which are or shall be owned or maintained by the Recreation Association, as set forth in these Recreational Covenants, for the common use and enjoyment of all Owners within Cinnamon Beach, together with landscaping and any other Improvements thereon, including, without limitation, all of the following if and to the extent located thereon: all structures, gatehouse(s), open spaces, private streets, asphalt bike paths, sidewalks, irrigation facilities, decorative street lights, perimeter fence, entry or other lighting, if any, and entrance feature, buffer tracts, monument walls, site walls, retaining walls, fountains, littoral plantings and decorative street signs, if any, but specifically excluding any public utility installations thereon and any and all portions of any Community Systems (as defined in the Village Declaration and/or the Condominium Declaration) not made Recreational Property pursuant to these Recreational Covenants, and any other property of Declarant not intended to be

made Recreational Property. In addition, such portions of Cinnamon Beach as are declared to be Recreational Property in any Supplemental Declaration, less whatever portions of the Recreational Property are declared to be withdrawn from the provisions of these Recreational Covenants in any Supplemental Declaration, shall be Recreational Property.

RR. "Supplemental Declaration" means any instrument executed by Declarant with respect to additional property, if any (provided Declarant is the owner thereof), which, when recorded in the Public Records of the County, shall commit such property to the provisions of these Recreational Covenants, and shall be the only method of committing such property to the provisions of these Recreational Covenants. A Supplemental Declaration may also add additional restrictions, declare certain properties to be or not to be Recreational Property, or add properties to or withdraw properties from the Recreational Property and the provisions of these Recreational Covenants. The Recreation Association shall join in the execution of any Supplemental Declaration at the request of Declarant but such joinder shall not be required to make any such Supplemental Declaration effective. The Owners shall not be required to join in the execution of any Supplemental Declaration but shall nevertheless be bound thereby.

SS. "Undeveloped Lot" shall mean a Lot which has not yet been cleared, filled and compacted and, accordingly, on which construction of a Home has not commenced.

TT. "Undeveloped Lot Owner" shall mean the Owner of an Undeveloped Lot.

ARTICLE II

PLAN OF DEVELOPMENT OF CINNAMON BEACH; RECREATIONAL PROPERTY; RULES AND REGULATIONS

A. The Ocean Hammock Community

The Ocean Hammock Community plan of development contemplates the construction of various separate and distinct residential communities and the establishment of common areas intended to be available for the use and benefit of all of the residential communities planned for development thereon all in the manner as, and subject to the reservations of rights, set forth in the Master Declaration. Among other things, the Master Declaration (i) requires the Master Association to maintain and care for common properties defined as such thereunder; (ii) compels membership in the Master Association by the Owners, among others; (iii) affords Owners in Cinnamon Beach non-exclusive rights to the use and enjoyment of the common properties; and (iv) provides for the promulgation of maintenance assessments and enforcement by lien of collection of payment therefor. Each Owner shall be subject to all terms, restrictions, conditions and reservations of rights set forth in the Master Declaration.

B. Cinnamon Beach

Cinnamon Beach is located within the Ocean Hammock Community and constitutes a "Village" under the Master Declaration and Supplemental Declaration to the Master Declaration ("Supplemental Village Declaration"). Among other things, the Supplemental Village Declaration (i) requires the Master Association to maintain and care for exclusive common properties defined as such thereunder; (ii) affords Owners in Cinnamon Beach rights to the use and enjoyment of the exclusive common properties; and (iii) provides for the promulgation of Village Assessments and enforcement by lien of collection of payment therefor. Each Owner in Cinnamon Beach shall be subject to all terms, restrictions, conditions and reservations of rights set forth in the Supplemental Village Declaration.

Cinnamon Beach is intended to comprise the Lots, the Condominium and the property encompassing, or which will encompass, the Recreational Property, as more particularly defined by these Recreational Covenants and, in addition, lands which Declarant may add, but shall in no way be obligated to add, by one or more Supplemental Declaration(s). The portion of Cinnamon Beach declared hereunder is described on Exhibit "A" attached hereto. If fully developed, Cinnamon Beach is currently planned to be comprised of one hundred eleven (111) single-family Lots and Homes and two hundred seventy-five (275) multi-family Condominium Units and the Recreational Property. Declarant has reserved the right to modify its plan of development of Cinnamon Beach and to add land to Cinnamon Beach. Therefore, in the event Declarant modifies its plan of development of Cinnamon Beach and/or adds land to Cinnamon Beach, the number of Lots and/or Condominium Units within Cinnamon Beach may change. Declarant's general plan of development further contemplates that such Homes and Condominium Units shall be whatever types of structures Declarant may choose which are in conformance with the Master Documents. Declarant's general plan of development of Cinnamon Beach may also include whatever facilities and amenities Declarant considers in its sole judgment to be appropriate to Cinnamon Beach.

Additional Property may become a part of Cinnamon Beach if, and only if, Declarant in its sole discretion adds Additional Property to Cinnamon Beach by recording a Supplemental Declaration to such effect. Declarant hereby reserves an easement for ingress and egress and for utilities and drainage over the Recreational Property for the benefit of any Additional Property; provided, however, no such easement may be granted upon any portion of Cinnamon Beach upon which a building exists.

Certain properties located within Cinnamon Beach are subject to the Coastal Construction Control Line, which is further regulated by Florida State Statutes and application processes. A continuous barrier curb of 6" x 6" pressure-treated timber or other governmentally approved barrier shall be installed at the seaward lot line of each ocean front Lot or parcel, excluding Parcel E and Lots 84, 85, 86 and 87, and perpetually maintained by the Master Association to prevent any intrusion into the dune preservation area.

Declarant expressly reserves the right as to the property comprising Cinnamon Beach to (i) commence construction and development of Cinnamon Beach if and when Declarant

desires; (ii) develop Cinnamon Beach upon such timetable as Declarant, in its sole discretion, chooses; and (iii) modify the plan of development of Cinnamon Beach in such manner as it, in its sole discretion, chooses. Nothing contained herein shall be construed as obligating Declarant to construct Cinnamon Beach according to the present plan of development nor as obligating Declarant to declare any Additional Property to be a part of Cinnamon Beach.

C. Recreational Property.

The Recreational Property shall consist of the property indicated on the Plat as Parcels E and F (Recreation), and on Additional Plat, if any, or as property reserved for or dedicated to the Recreation Association. The Recreational Property shall be used for recreational and social purposes as well as other proper purposes by the Recreation Association and the Owners and their family members, guests, invitees and lessees in accordance with the Recreation Documents. Recreational Property may not be altered, modified, removed or replaced by Owners or their family members, guests, invitees or lessees.

The portions of Cinnamon Beach described in this Section C shall constitute Recreational Property and shall be used solely in accordance with the covenants impressed upon the Recreational Property as follows:

1. Parcels E and F (Recreation). Cinnamon Beach will contain two (2) recreation areas containing approximately 1.57 acres ("Recreation Area"), which is designated on the Plat as Parcels E and F, as well as some additional areas. The Recreation Area is proposed to initially include two (2) clubhouses, two (2) swimming pool(s), café, Dune Walkovers (as defined in the Master Declaration), pedestrian walkways (including the walkway over the lake), a card-access entranceway, entranceway features and parking. The Recreation Area shall be part of the Recreational Property and shall be used for recreational purposes by the Recreation Association, and the Owners and their family members, guests, invitees and lessees. Such portion, if any, of the Recreation Area upon which Declarant has constructed or hereafter constructs Improvements shall be kept and maintained for use in a manner consistent with the nature of such Improvements located or to be located thereon. All of the Recreation Area shall always be kept and maintained by the Recreation Association for recreational uses or beautification and attendant uses (e.g., parking spaces within the Recreation Area shall be used for proper purposes by those using the recreational facilities but only while using such facilities), and shall be used for such purposes and not for residential, commercial or industrial construction of any kind. The Recreation Area shall be maintained, administered and ultimately owned by the Recreation Association.

Declarant reserves the right, but shall not be obligated, to construct additional recreational facilities upon the Recreation Area and to change the facilities planned for the Recreation Area.

Notwithstanding anything contained herein, neither Declarant nor the Recreation Association makes any representations whatsoever to commence, complete or construct any recreational facilities within any specific time period.

Declarant, at its sole discretion, reserves the right to reduce and/or modify the planned facilities.

The decision as to whether to construct additional recreational facilities, to change the planned facilities, or to reduce and/or modify the planned facilities and the construction thereof shall be in the sole discretion of Declarant.

2. Gatehouse(s), Entranceway(s) and Entry Gate(s) Cinnamon Beach may include a gatehouse(s) and entry gate(s) installed by Declarant or the Recreation Association. Such gatehouse(s), entranceway(s) and/or entry gate(s) shall be deemed Recreational Property and shall be maintained, repaired or replaced by the Recreation Association and the expense thereof shall be included as an Operating Expense. The gatehouse(s), if any, may or may not be staffed, as determined in the sole discretion of the Recreation Association. All other portions of the entranceway(s) shall also be owned and maintained by the Recreation Association. Neither Declarant nor the Recreation Association makes any representations whatsoever as to the security of the premises or the effectiveness of any entry gate(s). All Owners agree to hold Declarant and the Recreation Association harmless from any loss or claim arising within Cinnamon Beach from the occurrence of a crime or other act. The Owners acknowledge that the entry gate(s) are designed to deter crime, not prevent it. Notwithstanding anything herein to the contrary, neither Declarant nor the Recreation Association makes any representations whatsoever to commence, complete, construct or staff any gatehouse(s) or entry gate(s) within any specific time period.

3. Café. Declarant intends to include a café on the Recreational Property. The Board shall have the right to enter into a lease and operate the café for as long as the Board decides or to cease operation of the café.

4. Right to Add Additional Improvements Such portions of the Recreational Property upon which Declarant has constructed, or hereafter constructs, Improvements shall be kept and maintained for use in a manner consistent with the nature of such Improvements located, or to be located, thereon. Declarant reserves the right, but shall not be obligated, to construct additional facilities upon the Recreational Property. The decision as to whether to construct additional facilities and the construction thereof shall be in the sole discretion of Declarant.

D. Roadways

The "Roadways" are those portions of Cinnamon Beach designated on the Plat or Additional Plat, if any, as a Roadway, which will be dedicated to the Master Association, but specifically excluding any street or roadway dedicated to the public on the Plat or Additional Plat, if any. Notwithstanding anything to the contrary on the Plat, the Roadways shall be used as private roads by Declarant, the Recreation Association and the Owners, their family members, guests, lessees and invitees in accordance with the provisions of these Recreational Covenants. Declarant believes that the roadways will be private and disclaims any responsibility if the roadways are ever determined to be public. The Roadways shall be

maintained, administered and ultimately owned by the Master Association. The landscaping features within the Roadways shall be maintained, administered and owned by the Recreation Association. Notwithstanding the foregoing, each Owner shall be responsible for the maintenance, repair and replacement of the driveway serving his or her Lot or Condominium Unit, including that portion of the driveway in a Roadway, if any, unless the driveway was damaged by the Master Association in the fulfillment of its obligations and duties under these Recreational Covenants.

E. Lakes/Landscape.

The "Lakes/Landscape" are those portions of Cinnamon Beach designated on the Plat as Parcels A, B, C, D and K, and shall always be kept and maintained as lakes for water retention, drainage, irrigation and water management purposes in compliance with all applicable governmental and water management district requirements. The Lakes shall be maintained, administered and ultimately owned by the CDD. In furtherance of the foregoing, Declarant hereby reserves and grants an easement in favor of the CDD throughout all portions of Cinnamon Beach as may be necessary for the purpose of accessing, maintaining and administering the Lakes, and no Owner or any condominium association governing a portion of Cinnamon Beach shall do any act which may interfere with the performance by the CDD of its obligations hereunder.

Water levels in the Lakes may rise and fall significantly due, to among other things, fluctuations in ground water elevations within the surrounding areas. Accordingly, Declarant has no control over such water levels and/or ground water elevations. Each Owner, by acceptance of title to his or her Lot or Condominium Unit, hereby releases Declarant from and against any and all losses, claims, demands, liabilities, damages, costs and expenses of whatever nature or kind (including, without limitation, attorneys' fees and courts costs at trial and all appellate levels), related to, arising out of and/or resulting from water levels in the Lakes.

DECLARANT, THE RECREATION ASSOCIATION AND THE CDD SHALL NOT BE OBLIGATED TO PROVIDE SUPERVISORY PERSONNEL, INCLUDING, BUT NOT LIMITED TO, LIFEGUARDS, FOR THE RECREATION AREA AND THE LAKES. ANY INDIVIDUAL USING THE RECREATION AREA AND THE LAKES SHALL DO SO AT HIS OR HER OWN RISK AND HEREBY HOLDS DECLARANT AND THE RECREATION ASSOCIATION HARMLESS FROM AND AGAINST ANY CLAIM OR LOSS ARISING FROM SUCH USE.

EACH OWNER, BY THE ACCEPTANCE OF TITLE TO HIS OR HER LOT OR CONDOMINIUM UNIT, ACKNOWLEDGES THAT THE LAKES ARE DEEP AND ARE DANGEROUS. NEITHER DECLARANT, THE RECREATION ASSOCIATION, THE CDD, NOR ANY OF THEIR RESPECTIVE OFFICERS, DIRECTORS, COMMITTEE MEMBERS, EMPLOYEES, MANAGEMENT AGENTS, CONTRACTORS OR SUBCONTRACTORS (COLLECTIVELY, THE "LISTED PARTIES") SHALL BE LIABLE OR RESPONSIBLE FOR MAINTAINING OR ASSURING THE SAFETY, WATER QUALITY OR WATER LEVEL OF/IN ANY LAKE, POND, CANAL, CREEK,

STREAM OR OTHER WATER BODY WITHIN CINNAMON BEACH, EXCEPT AS SUCH RESPONSIBILITY MAY BE SPECIFICALLY IMPOSED BY, OR CONTRACTED FOR WITH, AN APPLICABLE GOVERNMENTAL OR QUASI-GOVERNMENTAL AGENCY OR AUTHORITY. FURTHER, NONE OF THE LISTED PARTIES SHALL BE LIABLE FOR ANY PROPERTY DAMAGE, PERSONAL INJURY OR DEATH OCCURRING IN, OR OTHERWISE RELATED TO, ANY WATER BODY, ALL PERSONS USING SAME DOING SO AT THEIR OWN RISK. ALL OWNERS AND USERS OF ANY PORTION OF CINNAMON BEACH SHALL BE DEEMED, BY VIRTUE OF THEIR ACCEPTANCE OF THE DEED TO OR USE OF, SUCH PROPERTY, TO HAVE AGREED TO RELEASE THE LISTED PARTIES FROM ALL CLAIMS FOR ANY AND ALL CHANGES IN THE QUALITY AND LEVEL OF THE WATER IN SUCH BODIES. ALL PERSONS ARE HEREBY NOTIFIED THAT FROM TIME TO TIME WILDLIFE MAY HABITATE OR ENTER INTO WATER BODIES WITHIN OR NEARBY CINNAMON BEACH AND MAY POSE A THREAT TO PERSONS, PETS AND PROPERTY, BUT THAT THE LISTED PARTIES ARE UNDER NO DUTY TO PROTECT AGAINST, AND DO NOT IN ANY MANNER WARRANT OR INSURE AGAINST, ANY DEATH, INJURY OR DAMAGE CAUSED BY SUCH WILDLIFE.

F. Costs.

All costs associated with operating, maintaining, repairing and replacing the Recreational Property shall be the obligation of the Recreation Association. The Recreational Property shall be conveyed to the Recreation Association in accordance with the provisions of Article III, Section 6 hereof.

G. Private Use.

For the term of these Recreational Covenants, the Recreational Property is not for the use and enjoyment of the public, but is expressly reserved for the private use and enjoyment of Declarant, the Recreation Association, and the Owners, and their family members, guests, invitees and lessees, but only in accordance with these Recreational Covenants.

1. Notwithstanding anything in these Recreational Covenants to the contrary, however, Declarant hereby expressly reserves the right to use the Recreational Property for such period of time as Declarant determines to be necessary in connection with the sale and marketing by Declarant of Homes and Condominium Units in Cinnamon Beach and in any other communities developed or to be developed by Declarant or its affiliates, including, but not limited to, the holding of sales and marketing meetings and engaging in sales promotions and related sales and marketing activities.

2. Except to the extent herein provided, the Recreational Property shall be for the sole and exclusive use of the Owners and residents of Cinnamon Beach and their family members, guests, invitees and lessees.

3. The administration, management, operation and maintenance of the Recreational Property shall be the responsibility of the Recreation Association, as provided herein and in the Recreation Documents.

4. The right to use the Recreational Property shall be subject to the rules and regulations established by the Recreation Association.

H. Model Row

Declarant hereby reserves the right to construct a "model row(s)" in Cinnamon Beach. The "model row(s)" may contain models for Cinnamon Beach and other communities located in Ocean Hammock, or other communities being developed by Declarant or any of Declarant's affiliates, as Declarant may so determine, in its sole discretion. In the event that Declarant and/or any of Declarant's affiliates constructs a "model row(s)" in Cinnamon Beach, such "model row(s)" may be used for such period of time that Declarant and/or any of Declarant's affiliates constructing communities in Ocean Hammock or other communities being developed by Declarant or any of Declarant's affiliates. By their acceptance of a deed for a Lot or Condominium Unit in Cinnamon Beach each Owner agrees and acknowledges that Declarant and/or any of Declarant's affiliates have a right to construct a "model row(s)" and that Declarant and/or any of its affiliates have an easement over the Cinnamon Beach community, including the Recreational Property, to use and show the models and Recreation Area to prospective purchasers in Ocean Hammock or other communities as long as such "model row(s)" exists.

I. Rules and Regulations

The Recreation Association shall, from time to time, impose rules and regulations regulating the use and enjoyment of the Recreational Property. The rules and regulations so promulgated shall, in all respects, be consistent with the provisions of the Recreational Documents. The rules and regulations shall not apply to Declarant as an Owner.

J. Shared Cost of Recreational Property

Total anticipated Recreation Expenses shall be divided equally by the sum of the number of Completed Lots and Completed Condominium Units multiplied by ten (10) and of the number of Incomplete Lots and Incomplete Condominium Units, the quotient thus arrived at shall constitute and be the "Individual Recreation Expense Assessment." Each Completed Lot and Completed Condominium Unit shall be subject to an Individual Recreation Expense Assessment multiplied by ten (10), while each Incomplete Lot and Incomplete Condominium Units shall be subject to an Individual Recreation Expense Assessment. The Board shall adjust the Individual Recreation Expense Assessment on a quarterly basis by dividing the total anticipated Recreation Expenses for the remaining quarters of the calendar year (as determined by the budget for such expenses) by the sum of the number of Completed Lots and Completed Condominium Units multiplied by ten (10) and of the number of Incomplete Lots and Incomplete Condominium Units as of thirty (30) days prior to the beginning of such calendar quarter, the quotient being the quarterly

installment payable by each such Lot and Condominium Unit for the next quarter. The Individual Recreation Expense Assessment may also be adjusted where the Board determines that the estimated Recreation Expenses are not sufficient to meet the actual Recreation Expenses being incurred, in which event the anticipated Recreation Expenses for the remaining quarters may be increased accordingly in calculating the Individual Recreation Expense Assessment.

K. Recreation Expenses

All of the expenses herein contemplated to be Recreation Expenses shall be Recreation Operating Expenses as contemplated by Article VI herein. Recreation Expenses which shall be assessed shall include (i) any and all taxes which may be assessed or levied against the Recreational Property; (ii) utility charges for the Recreational Property, including, but not limited to, electricity, water, gas, sewer, telephone; (iii) premiums on policies of insurance including, but not limited to, liability and casualty insurance for the Recreational Property; and (iv) any sums necessary including reserves for the maintenance, repair and replacement of the Recreational Property.

The Board shall prepare a separate budget for the Recreational Property. This budget shall be adopted at the "Budget Meeting" (as defined in the Bylaws).

ARTICLE III

**ADDITIONS TO AND WITHDRAWALS FROM THE RECREATIONAL
PROPERTY; CONVEYANCE OF RECREATIONAL PROPERTY**

A. Additions.

Declarant may from time to time, in its sole discretion, by recording appropriate Supplemental Declaration(s) in the Public Records of the County, add any Additional Property or any other real property to the Recreational Property governed by these Recreational Covenants, and may declare all or part of such Additional Property or other property (including any Improvements thereon) to be Recreational Property. Upon the recording of a Supplemental Declaration, the property described therein shall be deemed part of the Recreational Property as if it were originally included therein and subject to these Recreational Covenants. Any such Supplemental Declaration may submit any Additional Property or any other real property to such modifications of the covenants and restrictions contained in these Recreational Covenants as may be necessary or convenient to reflect or adapt to any changes in circumstances or differences in the character of any such Additional Property or other property. Nothing contained in this Section 1 shall be construed to require the joinder by or entitle a right to consent by Owners or the Recreation Association to any such Supplemental Declaration; provided, however, the Recreation Association shall join in the execution of any such Supplemental Declaration at the request of Declarant.

B. Designation Of Additional Recreational Property.

Declarant may, from time to time, by recording Supplemental Declarations in the County, designate additional portions of the property owned by it to be Recreational Property.

C. Disclaimer Of Implication.

Only the real property described in Exhibit "A" hereto is submitted and declared as the Recreational Property subject to these Recreational Covenants. Unless and until a Supplemental Declaration is recorded in the fashion required pursuant to these Recreational Covenants, no other property (including any Additional Property) shall in any way be deemed to constitute a portion of the Recreational Property or be affected by the covenants and restrictions expressly binding the Recreational Property as provided by the terms of these Recreational Covenants.

D. Absence Of Obligation.

Nothing in these Recreational Covenants shall be construed to require Declarant to add any Additional Property to the Recreational Property encumbered by these Recreational Covenants or to require it to declare any portion of any properties added to the Recreational Property to be Recreational Property, nor shall anything in these Recreational Covenants be construed to require Declarant to declare any portion or portions of Cinnamon Beach as Recreational Property, except to the extent herein specifically provided.

E. Withdrawal.

Notwithstanding anything herein to the contrary, Declarant reserves the absolute right at any time to withdraw portions of the Recreational Property from the provisions of these Recreational Covenants by recording an appropriate Supplemental Declaration in the County. Nothing contained in this Section nor elsewhere in this Declaration shall be construed to require the joinder or consent of the Recreation Association.

F. Title To The Recreational Property.

To the extent herein provided, the Recreational Property is hereby dedicated to the joint and several use in common of the Owners in Cinnamon Beach. When title to all Lots and Homes and Condominium Units located within Cinnamon Beach have been conveyed to non-Declarant purchasers, or five (5) years after the conveyance of the first Lot or Condominium Unit to a non-Declarant purchaser, whichever occurs first, or earlier at Declarant's option exercisable from time to time, as to any portions of the Recreational Property, Declarant or its successors and assigns shall convey and transfer to the Recreation Association, by quit claim deed, the fee simple title to the Recreational Property free and clear of any liens and the Recreation Association shall accept such conveyance, holding title for the Owners as aforesated. Such conveyance shall be subject to any real estate taxes and assessments due with respect to such Recreational Property from and after the date of

recording these Recreational Covenants; any covenants, conditions, restrictions, reservations and limitations then of record; the easements herein set out; any zoning ordinances then applicable; and these Recreational Covenants, as amended from time to time.

At the time of conveyance of the Recreational Property or any portion thereof, the Recreation Association shall be required to accept such property and the personal property, if any, and Improvements appurtenant thereto. The Recreation Association hereby agrees to accept the Recreational Property and the personal property and Improvements appurtenant thereto in "AS IS" "WHERE IS" condition, without any representation or warranty, expressed or implied, in fact or by law, as to the condition or fitness of the Recreational Property or any portion thereof, and the personal property and Improvements appurtenant thereto.

The Recreation Association shall accept this conveyance of the Recreational Property and shall pay all costs of such conveyance including documentary stamps and other taxes of conveyance, recording charges, title insurance expenses and insurance fees. The conveyance shall not, however, impair in any way Declarant's rights and easements as set forth in these Recreational Covenants.

Commencing upon the date these Recreational Covenants is recorded, and notwithstanding that title thereto has not yet been conveyed to the Recreation Association, the Recreation Association shall be responsible for the maintenance of the Recreational Property in a continuous and satisfactory manner. The Recreation Association shall be responsible for the payment of real estate taxes, if any, against the Recreational Property including taxes on any Improvements and any personal property thereon accruing from and after the date these Recreational Covenants is recorded.

The Owners (including Declarant as to Lots and Condominium Units owned by it) shall have no personal liability for any damages for which the Recreation Association is legally liable or arising out of or connected with the existence or use of any Recreational Property or any other property required to be maintained by the Recreation Association.

Subject to the foregoing, Declarant may mortgage any or all portions of the Recreational Property to finance construction and development expenses provided that the mortgagee recognizes the rights of Owners under these Recreational Covenants and neither the Recreation Association nor any Owner is personally liable for paying the mortgage. In such event, neither the Recreation Association nor the Owners shall be required to join in or be entitled to consent to such mortgage. The Recreational Property shall be released from any such mortgage no later than the date same is conveyed to the Recreation Association.

G. Parking Rights.

The Recreation Association may maintain upon the Recreational Property parking spaces for Owners, occupants, visitors and guests. The use of such parking spaces by Owners, occupants, visitors and guests shall be subject to duly adopted rules and regulations of the Recreation Association.

ARTICLE IV

OWNERS' PROPERTY RIGHTS

A. Owners' Easements Of Enjoyment.

Every Owner and family member, guest, lessee, agent or invitee of an Owner shall have a permanent and perpetual, nonexclusive easement for ingress and egress over, enjoyment in, and use of Recreational Property in common with all other Owners, their family members, guests, lessees, agents and invitees, which easement shall be appurtenant to, and shall pass with title to each Owner's Lot or Condominium Unit. This right shall be subject to the following conditions and limitations:

1. The right and duty of the Recreation Association to reasonably limit the number of guests, invitees or lessees of an Owner using the Recreational Property.

2. The right and duty of the Recreation Association to levy Recreation Assessments against each Lot and Condominium Unit for the purpose of maintaining, repairing and replacing the Recreational Property and facilities thereon in compliance with the provisions of these Recreational Covenants and the restrictions on portions of the Recreational Property from time to time recorded by Declarant.

3. The right of the Recreation Association to establish uniform rules and regulations pertaining to the use of the Recreational Property.

4. The right of the Recreation Association to establish uniform rules and regulations pertaining to the Lots and Condominium Units for the purposes of enhancing the aesthetic uniformity of the Recreational Property.

5. The right of the Recreation Association in accordance with its Articles, Bylaws, and these Recreational Covenants, with the vote or written assent of two-thirds (2/3) of the total voting interests, to borrow money for the purpose of improving the Recreational Property and facilities thereon, and, in aid thereof, to mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, provided that the rights of such mortgagee shall be subordinated to the use rights of the Owners.

6. The right of the Recreation Association to dedicate, release, alienate, or transfer all or any part of the Recreational Property to any public agency, authority, or

utility for such purposes and subject to such conditions as may be agreed to by the Owners. No such dedication, release, alienation, or transfer shall be effective unless Owners entitled to cast two-thirds (2/3) of the total voting interests agree to such dedication, release, alienation or transfer.

7. The right of the Recreation Association to grant easements, rights-of-way or strips of land, where necessary, for utilities, sewer facilities, cable television, and other services over the Recreational Property to serve the Recreational Property and other portions of Cinnamon Beach without vote of the Owners.

8. The right of Declarant and Declarant's officers, directors, partners, employees, agents, licensees, and invitees to the nonexclusive use of the Recreational Property and the facilities thereon, without charge, for sales, display, access, ingress, egress, construction, and exhibit purposes.

9. The right of the Recreation Association, by action of the Board, to reconstruct, replace, or refinish any Improvement or portion thereof upon the Recreational Property, in accordance with the original design, finish, or standard of construction of such Improvement.

10. The right of the Recreation Association to replace destroyed trees or other vegetation and plant trees, shrubs, and ground cover upon any portion of the Recreational Property.

11. The right, however not the duty, of the Recreation Association by action of the Board to seek the vacation of publicly dedicated streets, if any, upon the Recreational Property.

12. The easements provided elsewhere in these Recreational Covenants, designated on the Plat, or on the Additional Plat, if any, including, but not limited to, those set forth in this Article IV.

13. The right of the Recreation Association to provide for the maintenance and preservation of Recreational Property and other properties as set forth in these Recreational Covenants.

B. Delegation Of Use.

Any Owner may delegate, in accordance with the Bylaws, his or her right of enjoyment to the Recreational Property to the members of his or her family, or to the lessees who reside in his or her Home or Condominium Unit, subject to all of the rules and regulations presently in effect and any which may become effective in the future, and further subject to reasonable regulation by the Board.

C. Recognition Of Existing Easements.

Each Owner, by acceptance of a deed or other instrument of conveyance, recognizes and consents to the easements reserved and/or granted with respect to the Recreational Property under these Recreational Covenants.

D. Easements For Vehicular Traffic.

In addition to the general easements for use of the Recreational Property reserved herein, there shall be, and Declarant hereby reserves, grants, and covenants for itself and all future Owners, their family members, guests, invitees and lessees, Institutional Mortgagees of Cinnamon Beach (or portions thereof), and to the Recreation Association, that all of the foregoing shall have a perpetual nonexclusive easement for vehicular traffic over (i) all streets dedicated to the public use, if any (as well as alcoves, cul de sacs, and other private, paved areas abutting or serving the same), and (ii) any private Roadways within or upon the Recreational Property.

E. Access Easement.

Declarant hereby reserves perpetual, nonexclusive easements of ingress and egress over and across (i) any and all streets dedicated to the public use, if any (as well as alcoves, cul de sacs, and other private, paved areas abutting or serving the same), and (ii) any private Roadways and driveways within or upon the Recreational Property and all other portions of the Recreational Property which are necessary or convenient for enabling Declarant to carry on the work referred to in these Recreational Covenants, which easements shall be for the use of Declarant, Declarant's employees, contractors and agents, Declarant's successors and assigns, Owners, and the respective lessees, employees, agents, invitees, and licensees of Declarant and Owners.

F. Grant And Reservation Of Easements.

Declarant hereby reserves and grants the following perpetual, nonexclusive easements over and across the Recreational Property as covenants running with the Recreational Property for the benefit of the Owners, the Recreation Association, and Declarant as hereinafter specified for the following purposes:

1. Utility and Services Easements. All of the Recreational Property shall be subject to an easement or easements to provide for: (a) installation, service, repair and maintenance of the equipment required to provide utility services other than Community Systems to the Recreational Property and the Lots and Condominium Units, including, but not limited to, power, lights, telephone, gas, water, sewer, irrigation and drainage, and (b) governmental services, including, but not limited to, police, fire, health, sanitation and other public service personnel, including reasonable rights of access for persons and equipment necessary for such purposes for the benefit of the appropriate utility companies, agencies, franchises or governmental agencies.

2. Easement to Enter Upon Lots and Condominium Units. An easement or easements for ingress and egress in favor of the Recreation Association or any condominium association organized to govern a portion of Cinnamon Beach, as applicable, including the Board(s) or the designee of the Board(s), to enter upon the Lots or Condominium Property, as applicable, for the purposes of fulfilling its/their duties and responsibilities of ownership, maintenance and/or repair in accordance with the Recreation Documents.

3. Easement Over Recreational Property. An easement of enjoyment in favor of all Owners, their family members, guests, invitees and lessees in and to the Recreational Property which shall be appurtenant to and shall pass with title to every Lot and Home and Condominium Unit in Cinnamon Beach, subject to the following:

(a) the right of the Recreation Association to suspend the right to use the Recreational Property of any Owner for any period during which Recreation Assessments against his or her Lot or Condominium Unit remain unpaid, subject to the notice and hearing provisions in Article IX, Section 1 herein;

(b) the right of the Recreation Association to grant permits, licenses and easements over the Recreational Property for utilities and other purposes reasonably necessary or useful for the proper maintenance or operation of the Recreational Property; and

(c) all provisions set forth in the Recreation Documents.

4. Drainage and Irrigation Easement. An easement for drainage, flowage and irrigation over, under and upon the Recreational Property, in favor of the Recreation Association and each of the Owners, including, but not limited to, reasonable rights of access for persons and equipment to construct, install, maintain, alter, inspect, remove, relocate and repair the water drainage system, flowage pipes and irrigation pipes.

5. Drainage System Encroachment Easement. An easement for encroachment over, under and upon the drainage easements located within the Lots and Condominium Property, as designated on the Plat and Additional Plat, if any, in favor of (i) the Owner of the Lot or Condominium Property upon which the drainage easement is located for the existence of any driveway and/or sidewalk or irrigation system or part thereof, and (ii) the Recreation Association for reasonable rights of access for persons and equipment to construct, install, maintain, alter, inspect, remove, relocate and repair any driveway and/or sidewalk, or irrigation system or part thereof installed or located thereon. In the event the Recreation Association requires access to any Drainage System improvements within a drainage easement located within a Lot or Condominium Property upon which any such driveway and/or sidewalk or irrigation system encroaches, the Recreation Association has the obligation, at its own cost and expense, to remove and replace any such encroachment, and to return it to its condition immediately preceding such removal and replacement once access to the drainage easement is no longer required. The flowage easements providing for

drainage run between each of the Lots parallel to and over the side lot line thereof, draining from the rear to the front of the Lots.

G. Assignments.

The easements reserved hereunder may be assigned by Declarant or the Recreation Association in whole or in part to any city, county or state government or agency thereof, or any duly licensed or franchised public utility, or any other designee of Declarant. The Owners hereby authorize Declarant and/or the Recreation Association to execute, on their behalf and without further authorization, such grants of easement or other instruments as may from time to time be necessary to grant easements over and upon the Recreational Property or portions thereof in accordance with the provisions of these Recreational Covenants.

The easements and rights reserved by Declarant, all easement rights reserved or granted to Declarant shall not terminate upon Declarant no longer holding title to any Lot or Home or Condominium Unit within Cinnamon Beach or Additional Property or holding a leasehold interest in any Lot or Condominium Unit or holding a mortgage on a Lot or Home or Condominium Unit within Cinnamon Beach or Additional Property. In addition, the easement rights granted or reserved by Declarant hereunder are not to be construed as creating an affirmative obligation to act on the part of Declarant.

ARTICLE V

MEMBERSHIP AND VOTING RIGHTS IN THE RECREATION ASSOCIATION;
BOARD; DURATION OF THE RECREATION ASSOCIATION

A. Membership and Voting Rights

Membership in the Recreation Association shall be established and terminated as set forth in the Articles. Each Member shall be entitled to the benefit of, and be subject to, the provisions of the Recreational Documents. The voting rights of the Members shall be as set forth in the Articles.

B. Board

The Recreation Association shall be governed by the Board which shall be appointed, designated or elected, as the case may be, as set forth in the Articles.

C. Duration of Recreation Association

The duration of the Recreation Association shall be perpetual, as set forth in the Articles.

ARTICLE VI

COVENANT TO PAY RECREATION ASSESSMENTS FOR
RECREATION OPERATING EXPENSES; ESTABLISHMENT OF LIENS;
COLLECTION OF RECREATION ASSESSMENTS;
COLLECTION BY DECLARANT; CERTAIN RIGHTS OF DECLARANT AND
INSTITUTIONAL MORTGAGEES

A. Affirmative Covenant to Pay Recreation Operating Expenses

In order to: (i) fulfill the terms, provisions, covenants and conditions contained in the Recreational Documents; and (ii) maintain, operate and preserve the Recreational Property for the use, safety, welfare and benefit of the Members and their family members, guests, invitees and lessees, there is hereby imposed upon each Completed Lot and Incomplete Lot (collectively, "Lot") and upon each Incomplete Condominium Unit and Completed Condominium Unit (collectively, "Condominium Unit") and the Owner of each the affirmative covenant and obligation to pay to the Recreation Association (in the manner herein set forth) all Recreation Assessments, including, but not limited to, the Individual Assessments and Special Assessments. Each Owner by acceptance of a deed or other instrument of conveyance conveying a Lot or Condominium Unit within Cinnamon Beach, whether or not it shall be so expressed in such deed or instrument, shall be obligated and agrees to pay to the Recreation Association all Recreation Assessments for Recreation Operating Expenses in accordance with the provisions of the Recreational Documents.

B. Establishment of Liens

Any and all Recreation Assessments made by the Recreation Association in accordance with the provisions of the Recreational Documents with Interest thereon and costs of collection, including, but not limited to, Legal Fees, are hereby declared to be a charge and continuing lien upon each Lot and Condominium Unit against which each such Recreation Assessment is made. Each Recreation Assessment against a Lot and Condominium Unit, together with Interest thereon, including, but not limited to, Legal Fees, shall be the personal obligation of the Owner of such Lot or Condominium Unit. Said lien shall be effective only from and after the time of the recordation amongst the Public Records of the County of a written, acknowledged statement by the Recreation Association setting forth the amount due to the Recreation Association as of the date the statement is signed.

Upon full payment of all sums secured by that lien, the party making payment shall be entitled to a satisfaction of the statement of lien in recordable form. Notwithstanding anything to the contrary herein contained, where an Institutional Mortgagee of record obtains title to a Lot or Condominium Unit as a result of foreclosure of its first mortgage or deed in lieu of foreclosure, such acquirer of title, its successors or assigns, shall not be liable for the share of Recreation Assessments pertaining to such Lot or Condominium Unit or chargeable to the former Owner thereof which became due prior to the acquisition of title as a result of the foreclosure or deed in lieu thereof, unless the Recreation Assessment against the Lot or Condominium Unit in question is secured by a claim of lien for Recreation Assessments that is recorded prior to the recordation of the mortgage which was foreclosed or with respect to which a deed in lieu of foreclosure was given.

Notwithstanding anything contained herein to the contrary, in the event that a lien is filed by the Master Association, regardless of when such lien is filed, the lien of the Master Association shall be superior to the lien of the Recreation Association.

C. Collection of Recreation Assessments

In the event any Owner shall fail to pay any Recreation Assessment, assessment for Recreational Expenses or installment thereof, charged to such Owner within fifteen (15) days after the same becomes due, then the Recreation Association, through its Board, shall have any and all of the following remedies to the extent permitted by law, which remedies are cumulative and which remedies are not in lieu of, but are in addition to, all other remedies available to the Recreation Association:

1. To accelerate the entire amount of any Recreation Assessments and/or assessment for Recreational Expenses for the remainder of the calendar year notwithstanding any provisions for the payment thereof in installments.
2. To advance on behalf of the Owner(s) in default funds to accomplish the needs of the Recreation Association up to and including the full amount for which such Owner(s) is liable to the Recreation Association and the amount or amounts of monies so advanced, together with Interest and all costs of collection thereof, including, but not limited to, Legal Fees, may thereupon be collected by the Recreation Association and such advance by the Recreation Association shall not waive the default.
3. To file an action in equity to foreclose its lien at any time after the effective date thereof. The lien may be foreclosed by an action in the name of the Recreation Association in like manner as a foreclosure of a mortgage on real property.
4. To file an action at law to collect said Recreation Assessment and/or assessment for Recreational Expenses plus Interest and Legal Fees, without waiving any lien rights or rights of foreclosure in the Recreation Association.
5. To charge Interest on such Recreation Assessment and/or assessment for Recreational Expenses from the date it becomes due, as well as a late charge of Twenty-Five Dollars (\$25.00) by the Recreation Association to defray additional collection costs.
6. To suspend the use rights of the Owner(s) in default to the Recreational Property, subject to the Notice and Hearing provisions in Article XI, Paragraph A, Section 1 herein.
7. To suspend the right of the Owner(s) in default to vote on any matter on which Owners have the right to vote if such Owner is delinquent in payment of assessments for more than ninety (90) days.

D. Collection by Declarant

In the event for any reason the Recreation Association shall fail to collect the Recreation Assessments, then, in that event, Declarant shall at all times have the right (but not the obligation): (i) to advance such sums as the Recreation Association could have advanced as set forth above; and (ii) to collect such Recreation Assessments and, if applicable, any such sums advanced by Declarant; using the remedies available to the Recreation Association against an Owner as set forth in Paragraph IV.C, which remedies (including, but not limited to, recovery of Legal Fees) are hereby declared to be available to Declarant.

E. Rights of Declarant and Institutional Mortgagees to Pay Recreation Assessments and Receive Reimbursement

Declarant and any Institutional Mortgagees shall have the right, but not the obligation, jointly or singly, and at their sole option, to pay any of the Recreation Assessments which are in default and which may or have become a charge against any Lots and Condominium Units. Further, Declarant and any Institutional Mortgagees shall have the right, but not the obligation, jointly or singularly, and, at their sole option, to pay insurance premiums or fidelity bond premiums or other required items of Recreation Operating Expenses on behalf of the Recreation Association where the same are overdue and where lapses in policies or services may occur. Declarant and any Institutional Mortgagees paying overdue Recreation Operating Expenses on behalf of the Recreation Association will be entitled to immediate reimbursement from the Recreation Association plus Interest and any costs of collection including, but not limited to, Legal Fees, and the Recreation Association shall execute an instrument in recordable form to this effect and deliver the original of such instrument to each Institutional Mortgagee who is so entitled to reimbursement and to Declarant if Declarant is entitled to reimbursement.

ARTICLE VII

**METHOD OF DETERMINING RECREATION ASSESSMENTS
AND ALLOCATION OF RECREATION ASSESSMENTS**

A. Determining Amount of Recreation Assessments

The total anticipated Recreation Operating Expenses for each calendar year shall be set forth in the budget ("Budget") prepared by the Board. The total anticipated Recreation Operating Expenses (other than those Recreation Operating Expenses which are properly the subject of a Special Assessment) shall be apportioned equally among the Lots by dividing the total anticipated Recreation Operating Expenses as reflected by the Budget, other than those Recreation Operating Expenses which are properly the subject of a Special Assessment (adjusted as hereinafter set forth), by the total number of Lots with the quotient thus arrived at being the "Individual Recreation Assessment." Owners of Incomplete Lots and Completed Lots are obligated to pay Individual Recreation Assessments. Owners of Undeveloped Lots are not obligated to pay Individual Recreation Assessments until such time as the

Undeveloped Lot becomes an Incomplete Lot. For so long as Declarant owns a Home and/or Lot in Cinnamon Beach, Declarant shall only be responsible for twenty-five percent (25%) of the Recreation Operating Expenses applicable to the Lots or Homes owned by Declarant. Notwithstanding anything in the Cinnamon Beach Documents to the contrary, any Recreation Assessment for legal expenses incurred by the Association for lawsuits shall be deemed an Operating Expense which is properly the subject of Special Assessment and not the subject of an Individual Recreation Assessment, except the legal fees incurred by the Association in connection with the collection of assessments or other charges which Owners are obligated to pay pursuant to the Cinnamon Beach Documents or the enforcement of the use and occupancy restrictions contained in the Cinnamon Beach Documents.

B. Recreation Assessment Payments

The Individual Recreation Assessments shall be payable quarterly, in advance, on the first day of January, April, July and October of each year, provided however, at the Recreation Association's option, Individual Recreation Assessments may be payable monthly. The Individual Recreation Assessments, and the quarterly or monthly installments thereof, as well as all Recreation Assessments provided for herein and all installments thereof may be adjusted from time to time by the Board to reflect changes in the number and status of Completed Lots and Completed Condominium Units and Incomplete Lots and Incomplete Condominium Units (thus apportioning all such Recreation Assessments and installments thereof among all Lots and Condominium Units as they exist at the time such installment is due) or changes in the Budget or in the event that the Board determines that the Recreation Assessments or any installment thereof is either less than or more than the amount actually required. When a Completed Lot and Completed Condominium Unit not in existence when the Recreation Assessment was determined ("New Improved Lot" or "New Improved Unit") comes into existence during a period with respect to which an Recreation Assessment or installment thereof has already been assessed, the New Improved Lot or New Improved Unit shall be deemed assessed the amount of such Recreation Assessment or installment thereof which was assessed against Completed Lots and Completed Condominium Units in existence at the time of such Recreation Assessment, prorated from the date the New Improved Lot or New Improved Unit comes into existence through the end of the period in question. If the payment of such Recreation Assessment or installment thereof was due at the time the New Improved Lot or New Improved Unit came into existence or prior thereto, said prorated amount thereof shall be immediately due and payable.

C. Special Assessments

"Special Assessments" include, in addition to other Recreation Assessments designated as Special Assessments in the Recreational Documents and whether or not for a cost or expense which is included within the definition of "Recreation Operating Expenses," those Recreation Assessments which are levied for capital improvements which include the costs (whether in whole or in part) of constructing or acquiring Improvements for, or on, the Recreational Property or the cost (whether in whole or in part) of reconstructing or replacing such Improvements. It is recognized and declared that Special Assessments shall be in

addition to, and are not part of, any "Individual Recreation Assessment". Any such Special Assessments assessed against Lots and Condominium Units and Owners thereof shall be paid by such Owners in addition to any other Recreation Assessments. Special Assessments shall be assessed in the same manner as the Individual Recreation Assessment. Special Assessments shall be paid in such installments or in a lump sum as the Board shall, from time to time, determine. Notwithstanding the foregoing, the levying of any Special Assessment after the Turnover Date shall require the affirmative assent of at least two-thirds (2/3) of all Owners represented in person or by proxy at a meeting called and held in accordance with the Bylaws. Prior to the Turnover Date, a Declarant controlled Board may make a Special Assessment without such vote of the Owners.

D. Liability of Owners for Individual Recreation Assessments

By the acceptance of a deed or other instrument of conveyance of a Lot or Condominium Unit in Cinnamon Beach, each Owner thereof acknowledges that each Lot and Condominium Unit and the Owners thereof are jointly and severally liable for their own Individual Recreation Assessment and their applicable portion of any Special Assessments as well as for all Recreation Assessments for which they are liable as provided for herein.

Such Owners further recognize and covenant that they are jointly and severally liable with the Owners of all Lots and Condominium Units for the Recreation Operating Expenses (subject to any specific limitations provided for herein such as, but not limited to, the limitation with respect to matters of Special Assessments and the limitations on the liability of Institutional Mortgagees and their successors and assigns). Accordingly, subject to such specific limitations, it is recognized and agreed by each Owner who is or becomes an Owner, for itself and its heirs, executors, successors and assigns, that in the event any Owners fail or refuse to pay their Individual Recreation Assessment or any portion thereof or their respective portions of any Special Assessments or any other Recreation Assessments, then the other Owners may be responsible for increased Individual Recreation Assessments or Special Assessment or other Recreation Assessments due to the nonpayment by such other Owners, and such increased Individual Recreation Assessment or Special Assessment or other Recreation Assessment can and may be enforced by the Recreation Association and Declarant in the same manner as all other Recreation Assessments hereunder as provided in the Recreational Documents.

E. Working Fund Contribution

Each Owner who purchases a Lot or Condominium Unit within Cinnamon Beach from Declarant shall pay to the Recreation Association at the time legal title is conveyed to such Owner a "Working Fund Contribution." The Working Fund Contribution shall be an amount equal to a two months' share of the annual Recreation Operating Expenses applicable to such Lot or Condominium Unit pursuant to the initial Budget (which may be different from the Budget in effect at the time of closing). The purpose of the Working Fund Contribution is to ensure that the Recreation Association will have cash available for initial start up expenses, to meet unforeseen expenditures or to acquire additional equipment and services deemed necessary or desirable by the Board. Working Fund Contributions are not

advance payments of Individual Recreation Assessments and shall have no effect on future Individual Recreation Assessments.

ARTICLE VIII

RECREATION OPERATING EXPENSES; CERTAIN RECREATION ASSESSMENT CLASSIFICATIONS

The following expenses of the Recreational Property and of the Recreation Association are hereby declared to be Recreation Operating Expenses which the Recreation Association is obligated to assess and collect and which the Owners are obligated to pay as provided herein or as may be otherwise provided in the Recreational Documents: (1) any and all taxes and tax liens which may be assessed or levied at any and all times against the Recreational Property or against any and all personal property improvements thereon; (2) all charges levied for utilities providing services for the Recreational Property such as water, gas, electricity, telephone, sewer and any type of utility or any other type of service charge; (3) the premiums on policies of insurance including, but not limited to, liability and casualty insurance for the Recreational Property; (4) any sums necessary including reserves, for the maintenance, repair and replacement of the Recreational Property and all improvements located thereon; (5) any sums necessary for the maintenance, repair and replacements of the landscaping, including the landscaping islands in the cul-de-sacs within Cinnamon Beach ("Landscaping Islands"); (6) administrative and operational expenses; and (7) any and all expenses deemed to be Recreation Operating Expenses by the Recreation Association.

The Recreation Operating Expenses with respect to the Recreational Property is payable by each Owner to the Recreation Association notwithstanding the fact that Declarant may not have yet conveyed title to the Recreational Property to the Recreation Association.

ARTICLE IX

INSURANCE AND CONDEMNATION

The Recreation Association shall purchase and maintain the following insurance coverage subject to the following provisions, and the cost of the premiums therefor shall be a part of the Recreation Operating Expenses:

A. Casualty Insurance

Property and casualty insurance in an amount equal to the then full replacement cost, exclusive of land, foundation, excavation and other items normally excluded from such coverage, of all Improvements and personal property which is owned by the Recreation Association and now or hereafter located upon the Recreational Property, which insurance shall afford protection against such risks, if any, as shall customarily be covered with respect to areas similar to the Recreational Property in developments similar to Cinnamon Beach in construction, location and use.

B. Public Liability Insurance

A comprehensive policy of public liability insurance naming the Recreation Association and, until Declarant's ownership of Lots or Homes or Condominium Units within Cinnamon Beach ceases, Declarant as named insured thereof insuring against any and all claims or demands made by any person or persons whomsoever for injuries received in connection with, or arising from, the operation, maintenance and use of the Recreational Property and any improvements located thereon, and for any other risks insured against by such policies with limits of not less than One Million Dollars (\$1,000,000.00) for damages incurred or claimed by any one person for any one occurrence; not less than Three Million Dollars (\$3,000,000.00) for damages incurred or claimed for any one occurrence; and for not less than Fifty Thousand Dollars (\$50,000.00) property damage per occurrence with no separate limits stated for the number of claims. The Recreation Association may also obtain worker's compensation insurance and other liability insurance including, but not limited to, insurance for lawsuits related to employment contracts in which the Recreation Association is a party, as it may deem desirable.

C. Fidelity Coverage

Adequate fidelity coverage to protect against dishonest acts of the officers and employees of the Recreation Association and the Directors and all others who handle and are responsible for handling funds of the Recreation Association shall be maintained in the form of fidelity bonds, which requirements shall be reasonably determined by the Board.

D. Directors' Coverage

Adequate directors' and officers' liability coverage, which coverage shall be effective from and after the date the Recreation Association is created.

E. Other Insurance

Such other forms of insurance and in such coverage amounts as the Recreation Association shall determine to be required or beneficial for the protection or preservation of the Recreational Property and any improvements now or hereafter located thereon or in the best interests of the Recreation Association.

F. Cancellation or Modification

All insurance policies purchased by the Recreation Association shall provide that they may not be cancelled (including for nonpayment of premiums) or substantially modified without at least ten (10) days prior written notice to the Recreation Association and to each first mortgage holder named in the mortgage clause.

G. Flood Insurance

If determined appropriate by the Board or if required by an Institutional Mortgagee, a master or blanket policy of flood insurance covering the Recreational Property, if available under the National Flood Insurance Program, shall be purchased, which flood insurance shall be in the form of a standard policy issued by a member of the National Flood Insurers Association, and the amount of the coverage of such insurance shall be the lesser of the maximum amount of flood insurance available under such program, or one hundred percent (100%) of the current replacement cost of all buildings and other insurable property located in the flood hazard area.

H. Condemnation

In the event the Recreation Association receives any award or payment arising from the taking of any Recreational Property or any part thereof as a result of the exercise of the right of condemnation or eminent domain, the net proceeds thereof shall first be applied to the restoration of such taken areas and improvements thereon to the extent deemed advisable by the Recreation Association and approved by Owners owning at least two-thirds (2/3) of the Lots and Condominium Units, and the remaining balance thereof, if any, shall then be distributed pro rata to Owners and mortgagees of Lots and Condominium Units as their respective interests may appear.

ARTICLE X
EASEMENTS

A. Recognition of Existing Easements

Each Owner, by acceptance of a deed or other instrument of conveyance, recognizes and consents to the easements reserved and/or granted with respect to the Recreational Property under these Recreational Covenants, the Supplemental Village Declaration and the Master Declaration.

B. Grant and Reservation of Easements

Declarant hereby reserves and grants the following perpetual easements over and across the Recreational Property as covenants running with the Recreational Property for the benefit of the Owners, the Recreation Association and Declarant as hereinafter specified for the following purposes:

1. Utility and Services Easements

An easement or easements to provide for installation, service, repair and maintenance of the equipment required to provide utility services to the Recreational Property including (but not limited to) power, electric transmission, light, telephone, gas, water, sewer and drainage, and governmental services including reasonable rights of access

for persons and equipment necessary for such purpose for the benefit of the appropriate utility companies, agencies, franchises or governmental agencies.

2. Easement for Encroachment

An easement for encroachment in favor of an Owner in the event any portion of his or her Home or Condominium Unit or appurtenant improvements such as a fence now or hereafter encroaches upon any portion of the Recreational Property as a result of minor inaccuracies in survey, construction or due to settlement or movement. Such encroaching improvements installed by Declarant shall remain undisturbed for so long as the encroachment exists. Any easement for encroachment shall include an easement for the maintenance and use of the encroaching improvements in favor of the Owner thereof or his designees.

3. Easement to Enter Upon Lots and Condominium Property

An easement or easements for ingress and egress in favor of the Recreation Association, including the Board or the designee of the Board, to enter upon the Lots and Condominium Property for the purposes of fulfilling its duties and responsibilities of ownership, maintenance and/or repair in accordance with the Recreational Documents, including the making of such repairs, maintenance or reconstruction as are necessary for the Recreational Property.

4. Easement Over Recreational Property

An easement of enjoyment in favor of all Owners, their family members, guests, invitees and lessees in and to the Recreational Property which shall be appurtenant to and shall pass with title to every Lot and Condominium Unit in Cinnamon Beach, subject to the following:

(a) the right of the Recreation Association to suspend the voting rights of any Owner and rights to use the Recreational Property of any Owner in Cinnamon Beach for any period during which assessments against his or her Lot(s) or Condominium Unit(s) remains unpaid;

(b) the right of the Recreation Association to grant permits, licenses and easements over the Recreational Property for utilities and other purposes reasonably necessary or useful for the proper maintenance or operation of the Recreational Property; and

(c) all provisions set forth in the Recreational Documents.

5. Drainage and Irrigation Easement

An easement for drainage, flowage and irrigation over, under and upon the Recreational Property in favor of the Recreation Association and each of the Owners,

including, but not limited to, reasonable rights of access for persons and equipment to construct, install, maintain, alter, inspect, remove, relocate and repair the water drainage system, flowage pipes and irrigation pipes.

C. Assignments

The easements reserved hereunder may be assigned by Declarant or the Recreation Association in whole or in part to any city, County or state government or agency thereof, or any duly licensed or franchised public utility, or any other designee of Declarant. The Owners hereby authorize Declarant and/or the Recreation Association to execute, on their behalf and without further authorization, such grants of easement or other instruments as may from time to time be necessary to grant easements over and upon the Recreational Property or portions thereof in accordance with the provisions of these Recreational Covenants.

All easement rights reserved or granted to Declarant shall not terminate upon Declarant no longer holding any Lots or Homes or Condominium Units in Cinnamon Beach for sale in the ordinary course of business or holding a mortgage on a Lot or Home or Condominium Unit in Cinnamon Beach. In addition, the easement rights granted or reserved by Declarant hereunder are not to be construed as creating an affirmative obligation to act on the part of Declarant.

ARTICLE XI

MAINTENANCE

For purposes of this Article IX, unless the context otherwise requires, Owners shall also include the family members, invitees, guests, licensees and sublessees of any Owner, and any other permitted occupants of a Home or Condominium Unit. All of the Recreational Property shall be subject to the terms hereof:

A. Recreational Property

Notwithstanding any maintenance responsibilities contained on the Plat, the responsibility of the Recreation Association is to repair, maintain and replace any and all improvements including, but not limited to, Dune Walkovers, the sidewalks and facilities located on the Recreational Property commencing with the completion of same by Declarant and whether or not same are owned by the Recreation Association. The improvements shall be maintained in the same condition as originally constructed by Declarant. In the event of any damage or destruction to the Recreational Property or to the improvements and facilities located thereon by fire, storms, acts of God, acts of government, acts of third parties or other calamity, the Recreation Association shall be required to rebuild such improvements and facilities as quickly as practicable.

B. Landscaping and Landscaping Islands

Notwithstanding any maintenance responsibilities contained on the Plat, the Recreation Association is responsible for the maintenance of the landscaping and Landscaping Islands. The landscaping and Landscaping Islands shall be maintained in the same condition as originally constructed by Declarant.

ARTICLE XII

USE RESTRICTIONS

For purposes of this Article X, unless the context otherwise requires, Owner shall also include the family members, invitees, guests, licensees, lessees and sublessees of any Owner, and any other permitted occupants of a Home or Condominium Unit. All the Recreational Property shall be held, used and enjoyed subject to the following limitations and restrictions, subject to the exemption of Declarant in Paragraph L hereof:

A. Enforcement

Failure of an Owner to comply with any limitations or restrictions in these Recreational Covenants or any of the Recreational Documents or with any rules and regulations promulgated by the Recreation Association shall be grounds for action which may include, without limitation, an action to recover sums due for damages, injunctive relief, or any combination thereof.

Notwithstanding the rights of the Recreation Association hereunder to enforce to the terms and provisions of the Recreational Documents, the St. Johns Water Management District shall also have the right to take enforcement action, including a civil action for an injunction and penalties, against the Recreation Association to compel the Recreation Association to correct any failure by the Recreation Association to operate, maintain and repair the Drainage System in accordance with the applicable environmental resource or surface water management permit issued for Cinnamon Beach .

In addition to all other remedies, the Recreation Association may suspend, for a reasonable period of time, the rights of any or all of an Owner or an Owner's tenants, guests or invitees to use Recreational Property and facilities; may suspend the voting rights of an Owner if such Owner is delinquent in payment of assessments for more than ninety (90) days; and may levy reasonable fines against any Owner or any Owner's tenant, guest or invitee for failure of such Owner, his or her family, guests, invitees, lessees or employees to comply with any of the Recreation Documents, provided the following procedures are adhered to:

1. Notice. The Recreation Association shall notify the Owner in writing of the noncompliance and set forth the corrective action to be taken. A fine or suspension of use rights may not be imposed without notice of at least fourteen (14) days to the Owner sought to be fined or suspended and an opportunity for a hearing before a committee of at

least three (3) members appointed by the Board who are not officers, directors, or employees of the Recreation Association, or the spouse, parent, child, brother or sister of an officer, director, or employee of the Recreation Association. If the committee, by majority vote, does not approve a proposed fine or suspension, it may not be imposed. At the Recreation Association's option, any fine may be levied on a daily basis in the event of a continuing violation without the necessity of a new hearing and without any limitation on the amount of such fine.

2. Hearing. Should the Owner still be in noncompliance, the noncompliance shall be presented to the Board after which the Board shall hear reasons why a fine should or should not be imposed. A written decision of the Board shall be submitted to the Owner, as applicable, not later than twenty-one (21) days after said meeting.

3. Payment. A fine shall be paid not later than thirty (30) days after notice of the imposition of the fine.

4. Fines. A fine shall be treated as an Recreation Assessment subject to the provisions of the collection of Recreation Assessments as otherwise set forth herein, and shall constitute a lien upon the applicable Lot and Home and Condominium Unit, with the same force and effect as a lien for Recreation Operating Expenses. All monies received from fines shall be allocated as directed by the Board, subject always to the provisions of these Recreational Covenants.

5. Failure to Pay Recreation Assessments. Notice and Hearing as provided in Subparagraphs 1 and 2 above shall not be required with respect to the imposition of suspension of use rights or fines upon any Owner because such Owner's failure to pay Recreation Assessments or other charges when due.

6. Access. Suspension of use rights to Recreational Property shall not impair the right of an Owner or tenant of a Lot and/or Home and/or Condominium Unit to have vehicular and pedestrian ingress to and egress from such Lot and/or Home and/or Condominium Unit, including, but not limited to, the right to park.

B. Nuisances

No obnoxious or offensive activity shall be carried on about the Lots, Condominium Units, or in or about any Improvements, or on any portion of Cinnamon Beach, nor shall anything be done therein which may be or become an unreasonable annoyance or a nuisance to any Owner. No use or practice shall be allowed in or around the Recreational Property which is a source of annoyance to Owners or occupants of Homes or Condominium Units or which interferes with the peaceful possession or proper use of the Recreational Property or the surrounding areas. No loud noises or noxious odors shall be permitted on the Recreational Property. Without limiting the generality of any of the foregoing provisions, no horns, whistles, bells or other sound devices (other than security devices used exclusively for security purposes), noisy or smoky vehicles, large power equipment of large power tools, unlicensed off-road motor vehicles or any items which may unreasonably interfere with

television or radio reception of any Owner shall be located, used or placed on the Recreational Property, or exposed to the view of other Owners without the prior written approval of the Board and/or the Master Association, if required.

C. Parking and Vehicular Restrictions

Parking upon the Recreational Property shall be restricted to the parking spaces built for such purposes on the Recreational Property. No parking on the streets or swales is permitted. No Owner shall keep any vehicle on the Recreational Property which is deemed to be a nuisance by the Board. No Owner shall conduct repairs (except in an emergency or except within the garage of the Home or Condominium Unit with the garage door closed) or restorations of any motor vehicle, boat, trailer, or other vehicle upon the Recreational Property.

D. Trash and Other Materials

No rubbish, trash, garbage or other waste material shall be kept or permitted on the Recreational Property except in sanitary containers located in appropriate areas, and no odor shall be permitted to arise therefrom so as to render the Recreational Property unsanitary, unsightly, offensive or detrimental to Owners or to any other property in the vicinity thereof or to its occupants.

E. No Improper Uses

No improper, offensive, hazardous or unlawful use shall be made of the Recreational Property nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance or nuisance to any person using any portion of the Recreational Property. All valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereover shall be observed. Violations of laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereover, relating to the Recreational Property shall be corrected by, and at the sole expense of the Recreational Association.

F. Increase in Insurance Rates

No Owner may engage in any action which may reasonably be expected to result in an increase in the rate of any insurance policy or policies covering or with respect to any portion of the Recreational Property.

G. Certain Rights of Declarant

The provisions, restrictions, terms and conditions of this Article X shall not apply to Declarant as an Owner.

ARTICLE XIII
GENERAL PROVISIONS

A. Conflict with Other Documents

In the event of any conflict between the provisions hereof and the provisions of the Articles and/or Bylaws and/or rules and regulations promulgated by the Recreation Association, the provisions of these Recreational Covenants shall control. In the event of any conflict between the provisions of these Recreational Covenants and the provisions of the Supplemental Village Declaration, the provisions of the Supplemental Village Declaration shall control. In the event of any conflict between the provisions of these Recreational Covenants and the provisions of the Master Declaration, the provisions of the Master Declaration shall control; provided, however, these Recreational Covenants and the other Recreational Documents may contain provisions more restrictive than contained in the Master Declaration and other Ocean Hammock Documents, in which event the more restrictive provision shall control.

B. Notices

Any notice or other communication required or permitted to be given or delivered hereunder shall be deemed properly given and delivered upon the mailing thereof by United States mail, postage prepaid, to: (i) any Owner, at the address of the person whose name appears as the Owner on the records of the Recreation Association at the time of such mailing and, in the absence of any specific address, at the address of the Home or Condominium Unit owned by such Owner; and (ii) the Recreation Association, certified mail, return receipt requested, at 445 Douglas Avenue, Suite 1805, Altamonte Springs, Florida 32714, or such other address as the Recreation Association shall hereinafter notify Declarant and the Owners of in writing; and (iii) Declarant, certified mail, return receipt requested, at 445 Douglas Avenue, Suite 1805, Altamonte Springs, Florida 32714, or such other address or addresses as Declarant shall hereafter notify the Recreation Association of in writing, any such notice to the Recreation Association of a change in Declarant's address being deemed notice to the Owners. Upon request of an Owner, the Recreation Association shall furnish to such Owner the then current address for Declarant as reflected by the Recreation Association records.

C. Enforcement

The covenants and restrictions herein contained may be enforced by Declarant (so long as Declarant holds an equitable or legal interest in the Recreational Property, any Lot and/or Home and/or Condominium Unit), the Recreation Association, any Owner and any Institutional Mortgagee holding a mortgage on any portion of the Recreational Property in any judicial proceeding seeking any remedy recognizable at law or in equity, including damages, injunction or any other form of relief against any person, firm or entity violating or attempting to violate any covenant, restriction or provision hereunder. The failure by any party to enforce any such covenant, restriction or provision herein contained shall in no event

be deemed a waiver of such covenant, restriction or provision or of the right of such party to thereafter enforce such covenant, restriction or provision. The prevailing party in any such litigation shall be entitled to all costs thereof including, but not limited to, Legal Fees.

D. Captions, Headings and Titles

Article and Paragraph captions, headings and titles inserted throughout these Recreational Covenants intended as a matter of convenience only and in no way shall such captions, headings or titles define, limit or in any way affect the subject matter or any of the terms and provisions thereunder or the terms and provisions of these Recreational Covenants.

E. Context

Whenever the context so requires or admits, any pronoun used herein may be deemed to mean the corresponding masculine, feminine or neuter form thereof, and the singular form of any nouns and pronouns herein may be deemed to mean the corresponding plural form thereof and vice versa.

F. Severability

In the event any of the provisions of these Recreational Covenants shall be deemed invalid by a court of competent jurisdiction, said judicial determination shall in no way affect any of the other provisions hereof, which shall remain in full force and effect, and any provisions of these Recreational Covenants deemed invalid by a court of competent jurisdiction by virtue of the term or scope thereof shall be deemed limited to the maximum term and scope permitted by law. In the event that any court should hereafter determine that any provision of these Recreational Covenants is in violation of the rule of property known as the "rule against perpetuities" or any other rule of law because of the duration of a time period, such provision shall not thereby become invalid, but instead the duration of such time period shall be reduced to the maximum period allowed under such rule of law, and in the event the determination of the duration of such time period requires measuring lives, such measuring life shall be that of the incorporator of the Recreation Association.

G. Certain Rights of Declarant

Notwithstanding anything to the contrary herein contained, no Improvements constructed or installed by Declarant shall be subject to the approval of the Recreation Association or the provisions and requirements of these Recreational Covenants, although it is the intent of Declarant to create a community with a common scheme of development.

Notwithstanding the other provisions of these Recreational Covenants, Declarant reserves for itself the right to enter into and transact on the Recreational Property any business necessary to consummate the sale, lease or encumbrance of Homes, Condominium Units or real property including, but not limited to, the right to maintain models and a sales and/or leasing office, place signs, employ sales and leasing personnel, use the Recreational Property and show Homes and Condominium Units, and Declarant reserves for itself the right to make repairs to the Recreational Property and to carry on construction activity for the benefit of

the Recreational Property. Declarant and its nominees may exercise the foregoing rights without notifying the Recreation Association. Any such models, sales and/or leasing office, signs and any other items pertaining to such sales or leasing efforts shall not be considered a part of the Recreational Property and shall remain the property of Declarant. This Paragraph G may not be suspended, superseded or modified in any manner by any amendment to these Recreational Covenants unless such amendment is consented to in writing by Declarant. This right of use and transaction of business as set forth herein and the other rights reserved by Declarant in the Recreational Documents may be assigned in writing by Declarant in whole or in part. For the purposes of this Paragraph G, the term "Declarant" shall include any "Lender" which has loaned money to Declarant to acquire or construct Improvements upon the Recreational Property if such Lender, its successors or assigns, acquires title to any portion of the Recreational Property as a result of the foreclosure of any mortgage encumbering any portion of the Recreational Property securing any such loan to Declarant or acquires title thereto by deed in lieu of foreclosure. The rights and privileges of Declarant as set forth in this Paragraph G, which are in addition to, and are no way a limit on, any other rights or privileges of Declarant under any of the Recreational Documents, shall not terminate upon Declarant no longer owning any portion of the Recreational Property or any Home or Lot or Condominium Unit in Cinnamon Beach (and having any equitable or legal interest therein). Declarant may notify the Recreation Association in writing of Declarant's voluntary election to relinquish the aforesaid rights and privileges.

H. Disputes as to Use

In the event there is any dispute as to whether the use of the Recreational Property or any portion or portions thereof complies with the covenants, restrictions, easements or other provisions contained in these Recreational Covenants, such dispute shall be referred to the Board, and a determination rendered by the Board with respect to such dispute shall be final and binding on all parties concerned therewith. Notwithstanding anything to the contrary herein contained, any use by Declarant of the Recreational Property or any parts thereof in accordance with Paragraph G of this Article X shall be deemed a use which complies with these Recreational Covenants and shall not be subject to a contrary determination by the Board. In the event that there is a dispute as to the use of the Recreational Property or any portion or portions thereof complies with the covenants, restrictions, easements or other provisions contained in the Master Declaration, such dispute shall be referred to the Master Association and the Master Association shall control.

I. Amendment and Modification

The process of amending or modifying these Recreational Covenants shall be as follows:

1. Until the Turnover Date, all amendments or modifications shall only be made by Declarant without the requirement of the Recreation Association's consent or the consent of the Owners so long as such amendments or modifications do not impair the common plan of development of Cinnamon Beach; provided, however, that the Recreation Association shall, forthwith upon request of Declarant, join in any such amendments or

modifications and execute such instruments to evidence such joinder and consent as Declarant shall, from time to time, request.

2. After the Turnover Date, these Recreational Covenants may be amended by: (i) the consent of the Owners owning at least two-thirds (2/3) of all Lots and Condominium Units, in the aggregate; together with (ii) the approval or ratification of a majority of the Board. The aforementioned consent of the Owners owning two-thirds (2/3) of the Lots and Condominium Units, in the aggregate, may be evidenced by a writing signed by the required number of Owners or by the affirmative vote of the required number of Owners at any regular or special meeting of the Recreation Association called and held in accordance with the Bylaws evidenced by a certificate of the Secretary or an Assistant Secretary of the Recreation Association.

3. Amendments for correction of scrivener's errors or other nonmaterial changes may be made by Declarant alone until the Turnover Date and by the Board thereafter and without the need of consent of the Owners.

4. Notwithstanding anything to the contrary herein contained, no amendment to these Recreational Covenants shall be effective which shall impair or prejudice the rights or priorities of Declarant, the Recreation Association or of any Institutional Mortgagee under the Recreational Documents without the specific written approval of such Declarant, the Recreation Association and/or Institutional Mortgagee affected thereby. Furthermore, notwithstanding anything to the contrary herein contained, no amendment to these Recreational Covenants shall be effective which would prejudice the rights of a then Owner or his family members, guests, invitees and lessees to utilize or enjoy the benefits of the then existing Recreational Property unless the Owner or Owners so affected consent to such amendment in writing or unless such amendment is adopted in accordance with the procedures required for adoption of an amendment to these Recreational Covenants after the Turnover Date. Finally, notwithstanding anything to the contrary contained herein, no amendment to these Recreational Covenants shall be effective which shall eliminate or modify the provisions of Paragraph M of this Article XI and any such amendment shall be deemed to impair and prejudice the rights of Declarant hereunder.

5. Notwithstanding the foregoing provisions as long as the Class B membership exists, the following actions require the prior approval of the Federal Housing Administration if Cinnamon Beach is an approved project by the Federal Housing Administration: annexation of additional properties, dedication of common areas and a material amendment to these Recreational Covenants.

6. A true copy of any amendment to these Recreational Covenants shall be sent certified mail by the Recreation Association to Declarant and to all Institutional Mortgagees holding a mortgage on any portion of the Recreational Property requesting notice. The amendment shall become effective upon the recording of a Certificate of Amendment to these Recreational Covenants setting forth the amendment or modification amongst the Public Records of the County.

7. Notwithstanding anything contained herein to the contrary, Declarant may, without the consent of any Owners, file any amendments which may be required by an Institutional Mortgagee for the purpose of satisfying its Planned Unit Development criteria or such other criteria as may be established by such mortgagee's secondary mortgage market purchasers, including, without limitation, the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation; provided, however, any such Declarant's filed amendments must be in accordance with any applicable rules, regulations and other requirements promulgated by the United States Department of Housing and Urban Development.

J. Delegation

The Recreation Association, pursuant to a resolution duly adopted by the Board, shall have the continuing authority to delegate all or any portion of its responsibilities for maintenance, operation and administration, as provided herein, to any managing agency or entity selected by the Board from time to time and whether or not related to Declarant.

K. Term

These Recreational Covenants and the terms, provisions, conditions, covenants, restrictions, reservations, regulations, burdens and liens contained herein shall run with and bind the Recreational Property and inure to the benefit of Declarant, the Recreation Association, Owners, and their respective legal representatives, heirs, successors and assigns for a term of fifty (50) years from the date of recording these Recreational Covenants amongst the Public Records of the County, after which time these Recreational Covenants shall be automatically renewed and extended for successive periods of ten (10) years each unless at least one (1) year prior to the termination of such fifty (50)-year term or any such ten (10)-year extension there is recorded amongst the Public Records of the County an instrument agreeing to terminate these Recreational Covenants signed by Owners owning two-thirds (2/3) of the Lots and Condominium Units, in the aggregate, and Institutional Mortgagees holding first mortgages encumbering two-thirds (2/3) of all Lots and Condominium Units, in the aggregate, encumbered by first mortgages held by Institutional Mortgagees, upon which event these Recreational Covenants shall be terminated upon the expiration of the fifty (50)-year term or the ten (10)-year extension during which such instrument was recorded.

L. Rights of Mortgagees

1. Right to Notice

The Recreation Association shall make available for inspection upon request, during normal business hours or under reasonable circumstances, the Recreational Documents and the books, records and financial statements of the Recreation Association to Owners and the holders, insurers or guarantors of any first mortgages encumbering any portion of the Recreational Property, any Lot or any Condominium Unit. In addition, evidence of insurance shall be issued to each Owner and mortgagee holding a mortgage

encumbering a Home or Condominium Unit upon written request to the Recreation Association.

2. Rights of Listed Mortgagee

Upon written request to the Recreation Association, identifying the name and address of the holder, insurer, or guarantor (such holder, insurer or guarantor is herein referred to as a "Listed Mortgagee") of a mortgage encumbering a Lot or Condominium Unit and the legal description of such Lot or Condominium Unit, the Recreation Association shall provide such Listed Mortgagee with timely written notice of the following:

- (a) Any condemnation, loss or casualty loss which affects any material portion of the Recreational Property;
- (b) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Recreation Association;
- (c) Any proposed action which would require the consent of mortgagees holding a mortgage encumbering a Lot or Condominium Unit; and
- (d) Any failure by an Owner owning a Lot or Condominium Unit encumbered by a mortgage held, insured or guaranteed by such Listed Mortgagee to perform his obligations under the Recreational Documents, including, but not limited to, any delinquency in the payment of Recreation Assessments, or any other charge owed to the Recreation Association by said Owner where such failure or delinquency has continued for a period of sixty (60) days.

3. Right of Listed Mortgagee to Receive Financial Statement

Any Listed Mortgagee shall, upon written request made to the Recreation Association, be entitled to financial statements for the Recreation Association for the prior fiscal year free of charge and the same shall be furnished within a reasonable time following such request.

M. Approval of Recreation Association Lawsuits by Owners

Notwithstanding anything contained herein to the contrary, in order to prevent the Board from incurring expenses not contemplated by the Recreational Documents, the Recreation Association shall be required to obtain the approval of three-fourths (3/4) of all Owners (at a duly called meeting of the Owners at which a quorum is present) prior to the payment of legal or other fees to persons or entities engaged by the Recreation Association for the purpose of suing, or making, preparing or investigating any lawsuit, or commencing any lawsuit other than for the following purposes:

- (a) the collection of Recreation Assessments;

(b) the collection of other charges which Owners are obligated to pay pursuant to the Recreational Documents;

(c) the enforcement of the use and occupancy restrictions contained in the Recreational Documents;

(d) in an emergency where waiting to obtain the approval of the Owners creates a substantial risk of irreparable injury to the Recreational Property or to Owner(s) (the imminent expiration of a statute of limitations shall not be deemed an emergency obviating the need for the requisite vote of three-fourths (3/4) of the Owners); or

(e) filing a compulsory counterclaim.

N. Compliance with Provisions

Every person who owns, occupies or acquires any right, title, estate or interest in or to any Lot or Condominium Unit except as elsewhere herein provided does and shall be conclusively deemed to have consented to and agreed to every limitation, restriction, easement, reservation, condition and covenant contained herein, whether or not any reference to these restrictions is contained in the instrument by which such person acquired an interest in such property.

O. Security

The Recreation Association may, but shall not be obligated to, maintain or support certain activities within the Recreational Property designed to make the Recreational Property safer than they otherwise might be. Declarant shall not in any way or manner be held liable or responsible for any violation of these Recreational Covenants by any person other than Declarant. Additionally, NEITHER DECLARANT, NOR THE RECREATION ASSOCIATION MAKE ANY REPRESENTATIONS WHATSOEVER AS TO THE SECURITY OF THE PREMISES OR THE EFFECTIVENESS OF ANY MONITORING SYSTEM OR SECURITY SERVICE. ALL OWNERS AGREE TO HOLD DECLARANT AND THE RECREATION ASSOCIATION HARMLESS FROM ANY LOSS OR CLAIM ARISING FROM THE OCCURRENCE OF ANY CRIME OR OTHER ACT. NEITHER THE RECREATION ASSOCIATION, DECLARANT, NOR ANY SUCCESSOR DECLARANT SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN THE RECREATIONAL PROPERTY. NEITHER THE RECREATION ASSOCIATION, DECLARANT, NOR ANY SUCCESSOR DECLARANT SHALL BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OR FAILURE TO PROVIDE ADEQUATE SECURITY OR INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN, IF ANY. ALL OWNERS AND OCCUPANTS OF ANY LOT OR HOME OR CONDOMINIUM UNIT IN CINNAMON BEACH, TENANTS, GUESTS AND INVITEES OF ANY OWNER, ACKNOWLEDGE THAT THE RECREATION ASSOCIATION AND ITS BOARD, DECLARANT, OR ANY SUCCESSOR DECLARANT DO NOT REPRESENT OR WARRANT THAT ANY FIRE PROTECTION SYSTEM, BURGLAR ALARM SYSTEM

OR OTHER SECURITY SYSTEM, IF ANY, DESIGNATED BY OR INSTALLED ACCORDING TO GUIDELINES ESTABLISHED BY DECLARANT OR THE ARCHITECTURAL REVIEW BOARD OF THE MASTER ASSOCIATION MAY NOT BE COMPROMISED OR CIRCUMVENTED, THAT ANY FIRE PROTECTION OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS OR OTHER SECURITY SYSTEMS WILL IN ALL CASES PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED. EACH OWNER AND OCCUPANT OF ANY LOT OR HOME OR CONDOMINIUM UNIT, AND EACH TENANT, GUEST AND INVITEE OF AN OWNER, ACKNOWLEDGES AND UNDERSTANDS THAT THE RECREATION ASSOCIATION, ITS BOARD AND THE ARCHITECTURAL REVIEW BOARD OF THE MASTER ASSOCIATION, DECLARANT, OR ANY SUCCESSOR DECLARANT ARE NOT INSURERS AND THAT EACH OWNER AND OCCUPANT OF ANY LOT OR HOME OR CONDOMINIUM UNIT, AND EACH TENANT, GUEST AND INVITEE OF ANY OWNER ASSUMES ALL RISKS FOR LOSS OR DAMAGE TO PERSONS, TO LOTS OR HOMES OR CONDOMINIUM UNITS, AND TO THE CONTENTS OF LOTS OR HOMES OR CONDOMINIUM UNITS AND FURTHER ACKNOWLEDGES THAT THE RECREATION ASSOCIATION, ITS BOARD AND THE ARCHITECTURAL REVIEW BOARD OF THE MASTER ASSOCIATION, DECLARANT, OR ANY SUCCESSOR DECLARANT HAVE MADE NO REPRESENTATIONS OR WARRANTIES NOR HAS ANY OWNER, OCCUPANT, TENANT, GUEST OR INVITEE RELIED UPON ANY REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTY OR MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, RELATIVE TO ANY FIRE AND/OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS RECOMMENDED OR INSTALLED, IF ANY, OR ANY SECURITY MEASURES UNDERTAKEN WITHIN CINNAMON BEACH, INCLUDING THE RECREATIONAL PROPERTY.

IN WITNESS WHEREOF, these Recreational Covenants have been signed by Declarant and joined in by the Recreation Association on the respective dates set forth below.

Signed, sealed and delivered in the presence of:

DECLARANT:
CENTEX HOMES,
a Nevada general partnership

By: CENTEX REAL ESTATE CORPORATION, a Nevada corporation
Its: Managing general partner

By: [Signature]
JOHN P. LENIHAN, Division President

Date: 02/18/02

(CORPORATE SEAL)

[Signature]

Signature
Ramon J. De Hayes

Printed Name

[Signature]

Signature
Diane C. Wise

Printed Name

JOINED BY:

CINNAMON BEACH AT OCEAN
HAMMOCK RECREATION
ASSOCIATION, INC.,
a Florida not for profit corporation

By: [Signature]
JOHN R. LENIHAN, President

Date: 02/18/02

(CORPORATE SEAL)

[Signature]

Signature
Ramon J. De Hayes

Printed Name

[Signature]

Signature
Diane C. Wise

Printed Name

JOINED BY:

CENTEX LAND INVESTMENTS II, LLC
a Delaware limited liability company

Robert J. DeHayes
Witness Signature
Robert J. DeHayes
Printed Name
Diane C. Wise
Witness Signature
Diane C. Wise
Printed Name

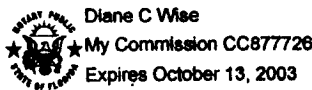
By: [Signature]
JOHN LENIHAN, Authorized Signatory
By: [Signature]
ROGER L. WRIGHT, Authorized Signatory
Date: 02/18/02

(SEAL)

STATE OF FLORIDA)
COUNTY OF SEMINOLE)

I HEREBY CERTIFY that on this day, before me, an officer duly authorized in the State aforesaid and in the County aforesaid to take acknowledgments, the foregoing instrument was acknowledged before me by JOHN P. LENIHAN, as Division President of CENTEX REAL ESTATE CORPORATION, a Nevada corporation, as the managing general partner of CENTEX HOMES, a Nevada general partnership, freely and voluntarily under authority duly vested in him by said corporation, and that the seal affixed thereto is the true seal of said corporation, who is personally known to me.

WITNESS my hand and official seal in the County and State last aforesaid this 18th day of February, 2002.



[Signature]
Notary Public, State of Florida at Large

Printed or Stamped Name of Notary Public

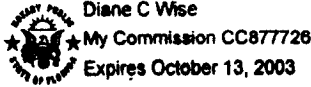
My Commission Expires:

STATE OF FLORIDA)
COUNTY OF SEMINOLE)

I HEREBY CERTIFY that on this day, before me, an officer duly authorized in the State aforesaid and in the County aforesaid to take acknowledgments, the foregoing instrument was acknowledged before me by JOHN P. LENIHAN, the President of CINNAMON BEACH AT OCEAN HAMMOCK HOMEOWNERS ASSOCIATION, INC., a Florida not-for-profit corporation, freely and voluntarily under authority duly vested in him

by said corporation, and that the seal affixed thereto is the true corporate seal of said corporation, who is personally known to me.

WITNESS my hand and official seal in the County and State last aforesaid this 18th day of February, 2002.



Diane C Wise
Notary Public, State of Florida at Large

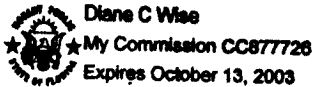
Printed or Stamped Name of Notary Public

My Commission Expires:

STATE OF FLORIDA)
COUNTY OF SEMINOLE)

I HEREBY CERTIFY that on this day, before me, an officer duly authorized in the State aforesaid and in the County aforesaid to take acknowledgments, the foregoing instrument was acknowledged before me by JOHN P. LENIHAN and ROGER L. WRIGHT, the Authorized Signatories of CENTEX LAND INVESTMENTS II, a Delaware limited liability company, freely and voluntarily under authority duly vested in him by said company, and that the seal affixed thereto is the true seal of said company, who is personally known to me.

WITNESS my hand and official seal in the County and State last aforesaid this 18th day of February, 2002.



Diane C Wise
Notary Public, State of Florida at Large

Printed or Stamped Name of Notary Public

My Commission Expires:

EXHIBIT A

Legal Description of Recreational Property

Parcels E and F (Recreation) as shown on the Plat of Ocean Hammock Parcel A-5 Plat One, according to the plat thereof recorded in Map Book 33, Pages 20 through 25, of the Public Records of Flagler County, Florida.

EXHIBIT B

Articles of Incorporation of
Cinnamon Beach at Ocean Hammock Recreation Association, Inc.

**ARTICLES OF INCORPORATION
OF
CINNAMON BEACH AT OCEAN HAMMOCK
RECREATION ASSOCIATION, INC.
(A Florida Corporation Not For Profit)**

In order to form a corporation not for profit under and in accordance with the provisions of Chapters 617 and 720 of the Florida Statutes, the undersigned hereby incorporates this corporation not for profit for the purposes and with the powers hereinafter set forth and, to that end, the undersigned, by these Articles of Incorporation, certifies as follows:

**ARTICLE I
DEFINITIONS**

The following words and phrases when used in these Articles of Incorporation (unless the context clearly reflects another meaning) shall have the following meanings:

1. "Articles" means these Articles of Incorporation and any amendments hereto.
2. "Board" means the Board of Directors of the Recreation Association.
3. "Bylaws" means the Bylaws of the Recreation Association and any amendments thereto.
4. "Cinnamon Beach" means the planned residential community planned for development in accordance with the "Plan of Development" set forth in the Recreational Covenants and which comprises a part of the residential community known as Ocean Hammock, which is being developed by Lowe Ocean Hammock, Ltd., a Florida limited partnership. Cinnamon Beach is intended to be comprised of one hundred eleven (111) single-family Lots, two hundred seventy-five (275) multi-family Condominium Units, and the Recreational Property (as defined in the Recreational Covenants).
5. "Condominium Association" means Cinnamon Beach at Ocean Hammock Condominium Association, Inc., a Florida corporation not for profit.
6. "Condominium Unit" means a condominium unit in a Condominium created within Cinnamon Beach.
7. "County" means Flagler County, Florida.
8. "Declarant" means Centex Homes, a Nevada general partnership ("Centex"), and any successor or assign thereof to which Centex specifically assigns all or part of the rights of Declarant under the Recreational Covenants by an express written assignment, whether recorded in the Public Records of the County or not. The written assignment may give notice as to which rights of Declarant are to be exercised and as to which portion of Cinnamon Beach. In any event, any

subsequent declarant shall not be liable for any default or obligations incurred by any prior declarant, except as may be expressly assumed by the subsequent declarant.

9. "Director" means a member of the Board.

10. "Home" means a residential dwelling unit constructed on a Lot within Cinnamon Beach which is designed and intended for use and occupancy as a single-family residence.

11. "Homeowners Association" means Cinnamon Beach at Ocean Hammock Homeowners Association, Inc., a Florida corporation not for profit.

12. "Lot" means and refers to any parcel of land within Cinnamon Beach as shown on the Plat upon which a Home is permitted to be constructed, together with the improvements thereon and any portion of the land within Cinnamon Beach that is declared to be a Lot by a Supplemental Declaration and is not subsequently withdrawn from the provisions of the Recreational Covenants by a Supplemental Declaration. For purposes of Individual Assessments, a Lot is either a Completed Lot or an Incomplete Lot.

13. "Member" means all of the Owners in Cinnamon Beach.

14. "Owner" means and refers to the record owner, whether one or more persons or entities, of the fee simple title to any Lot or Home or Condominium Unit within Cinnamon Beach, and includes Declarant for so long as Declarant owns fee simple title to a Lot or Home or Condominium Unit, but excluding therefrom those having such interest as security for the performance of an obligation.

15. "Plat" means the plat of Ocean Hammock Parcel A-5 Plat One as recorded in Map Book 33, Pages 20 through 25, together with the Plat Addendum recorded in Official Records Book 790, Pages 459 through 466, both of the Public Records of Flagler County. In the event an Additional Plat is recorded among the Public Records of the County, then the term "Plat" as used herein shall also mean the Additional Plat.

16. "Recreation Assessments" means the assessments for which all Owners are obligated to the Recreation Association and includes "Individual Assessments" and "Special Assessments" (as such terms are defined in the Recreational Covenants) and any and all other assessments which are levied by the Recreation Association in accordance with the Recreational Documents.

17. "Recreation Association" means Cinnamon Beach at Ocean Hammock Recreation Association, Inc., a Florida corporation not for profit. The "Recreation Association" is NOT a condominium association and is not intended to be governed by Chapter 718, the Condominium Act, Florida Statutes.

18. "Recreational Covenants" means the Declaration of Recreational Covenants, Restrictions and Easements for Cinnamon Beach Recreation Property, which is intended to be recorded amongst the Public Records of the County, and any amendments thereto.

19. "Recreational Documents" means, in the aggregate, the Recreational Covenants, these Articles, the Bylaws, the Plat, and all of the instruments and documents referred to or incorporated therein including, but not limited to, any "Amendment(s)" and "Supplemental Declaration(s)" (as such terms are defined in the Recreational Covenants).

20. "Recreation Operating Expenses" means the expenses for which Owners are liable to the Recreation Association as described in the Recreational Documents and includes, but is not limited to, the costs and expenses incurred by the Recreation Association in administering, operating, maintaining, financing or repairing, but not reconstructing, replacing or improving, the Recreational Property or any portion thereof and improvements thereon and all costs and expenses incurred by the Recreation Association in carrying out its powers and duties as set forth in the Recreational Documents.

21. "Recreational Property" means the property more particularly described in Article II of the Recreational Covenants.

Unless otherwise defined herein, the terms defined in the Recreational Covenants are incorporated herein by reference and shall appear in initial capital letters each time such terms appears in these Articles.

ARTICLE II
NAME

The name of this corporation shall be CINNAMON BEACH AT OCEAN HAMMOCK RECREATION ASSOCIATION, INC., a Florida corporation not for profit, whose principal address and mailing address is 445 Douglas Avenue, Suite 1805, Altamonte Springs, Florida 32714.

ARTICLE III
PURPOSES

The purpose for which the Recreation Association is organized is to take title to, operate, administer, manage, lease and maintain the Recreational Property in accordance with the terms of, and purposes set forth in, the Recreational Documents and to carry out the covenants and enforce the provisions of the Recreational Documents.

ARTICLE IV
POWERS

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

A. The Recreation Association shall have all of the common law and statutory powers of a corporation not for profit.

B. The Recreation Association shall have all of the powers granted to the Recreation Association in the Recreational Documents. All of the provisions of the Recreational Covenants and Bylaws which grant powers to the Recreation Association are incorporated into these Articles.

C. The Recreation Association shall have all of the powers reasonably necessary to implement the purposes of the Recreation Association, including, but not limited to, the following:

1. To perform any act required or contemplated by it under the Recreational Documents.

2. To make, establish, amend and enforce reasonable rules and regulations governing the use of the Recreational Property, and such rules and regulations shall contain a copy of the environmental resource or surface water management permit and its conditions.

3. To make, levy and collect Recreation Assessments for the purpose of obtaining funds from its Members to pay Recreation Operating Expenses and other costs defined in the Recreational Covenants and costs of collection, and to use and expend the proceeds of Recreation Assessments in the exercise of the powers and duties of the Recreation Association.

4. To own, maintain, repair, replace, operate and convey the Recreational Property all in accordance with the Recreational Documents.

5. To enforce by legal means the obligations of the Members and the provisions of the Recreational Documents.

6. To employ personnel, retain independent contractors and professional personnel, and enter into service contracts to provide for the maintenance, operation, administration and management of the Recreational Property and to enter into any other agreements consistent with the purposes of the Recreation Association, including, but not limited to, agreements with respect to professional management of the Recreational Property and to delegate to such professional manager certain powers and duties of the Recreation Association.

7. To enter into the Recreational Covenants and any amendments thereto and instruments referred to therein.

8. To provide, to the extent deemed necessary by the Board, any and all services and do any and all things which are incidental to or in furtherance of things listed above or to carry out the Recreation Association mandate to keep and maintain the Recreational Property within Cinnamon Beach in a proper and aesthetically pleasing condition and to provide the Owners with services, amenities, controls and enforcement which will enhance the quality of life at Cinnamon Beach.

9. Notwithstanding anything contained herein to the contrary, in order to prevent the Board from incurring expenses not contemplated by the Recreation Documents, the Recreation Association shall be required to obtain the approval of three-fourths (3/4) of all Members (at a duly called meeting of the Members at which a quorum is present) prior to the engagement of legal

counsel by the Recreation Association for the purpose of suing, or making, preparing or investigating any lawsuit, or commencing any lawsuit other than for the following purposes:

- (a) the collection of Recreation Assessments;
- (b) the collection of other charges which Owners are obligated to pay pursuant to the Recreational Documents;
- (c) the enforcement of any applicable use and occupancy restrictions contained in the Recreational Documents;
- (d) dealing with an emergency when waiting to obtain the approval of the Members creates a substantial risk of irreparable injury to the Recreational Property or to Member(s) (the imminent expiration of a statute of limitations shall not be deemed an emergency obviating the need for the requisite vote of three-fourths (3/4) of the Members); or
- (e) filing a compulsory counterclaim.

ARTICLE V
MEMBERS AND VOTING

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

A. Until such time as the first deed of conveyance of a Lot or Condominium Unit from Declarant to an Owner is recorded amongst the Public Records of the County ("First Conveyance"), the membership of the Recreation Association shall be comprised solely of the incorporator of these Articles ("Incorporator"). The Incorporator shall be entitled to cast one (1) vote on all matters requiring a vote of the membership.

B. Upon the First Conveyance, membership of the Incorporator in the Recreation Association shall be automatically terminated and thereupon Declarant shall be a Member as to each of the remaining Lots and Homes and Condominium Units until each such Lot and Home and Condominium Unit is conveyed to another Owner, and thereupon and thereafter each and every Owner, including Declarant as to Lots and Homes and Condominium Units owned by Declarant, shall be a Member and exercise all of the rights and privileges of a Member.

C. Membership in the Recreation Association for Owners other than Declarant shall be established by the acquisition of ownership of fee simple title to a Lot or Home or Condominium Unit as evidenced by the recording of an instrument of conveyance amongst the Public Records of the County. Where title to a Lot or Home is acquired by conveyance from a party other than Declarant by means of sale, gift, inheritance, devise, judicial decree or otherwise, the person, persons or entity thereby acquiring such Lot or Home or Condominium Unit shall not be a Member unless or until such Owner shall deliver a true copy of a deed or other instrument of acquisition of title to the Recreation Association.

D. The Recreation Association shall have two (2) classes of voting membership:

1. "Class A Members" shall be all Members, with the exception of Declarant while Declarant is a Class B Member, each of whom shall be entitled to one (1) vote for each Lot or Home or Condominium Unit owned.

2. "Class B Members" shall be Declarant, who shall be entitled to three times the total number of votes of the Class A Members plus one. Class B membership shall cease and be converted to Class A membership upon the earlier to occur of the following events ("Turnover Date"):

(i) Three (3) months after the conveyance of ninety percent (90%) of the "Total Developed Lots and Condominium Units" (as defined in Article X.C hereof) by Declarant, as evidenced by the recording of instruments of conveyance of such Lots or Condominium Units amongst the Public Records of the County; or

(ii) At such time as Declarant shall designate in writing to the Recreation Association.

On the Turnover Date, Class A Members, including Declarant, shall assume control of the Recreation Association and elect not less than a majority of the Board.

E. The designation of different classes of membership are for purposes of establishing the number of votes applicable to certain Lots and Homes and Condominium Units, and nothing herein shall be deemed to require voting solely by an individual class on any matter which requires the vote of Members, unless otherwise specifically set forth in the Recreational Documents.

F. No Member may assign, hypothecate or transfer in any manner his membership in the Recreation Association except as an appurtenance to his or her Lot or Home or Condominium Unit.

G. Any Member who conveys or loses title to a Lot or Home or Condominium Unit by sale, gift, devise, bequest, judicial decree or otherwise shall, immediately upon such conveyance or loss of title, no longer be a Member with respect to such Lot or Home or Condominium Unit and shall lose all rights and privileges of a Member resulting from ownership of such Lot or Home or Condominium Unit.

H. There shall be only one (1) vote for each Lot or Home or Condominium Unit, except for the Class B Members as set forth herein. If there is more than one Member with respect to a Lot or Home or Condominium Unit as a result of the fee interest in such Lot or Home or Condominium Unit being held by more than one person, such Members collectively shall be entitled to only one (1) vote. The vote of the Owners of a Lot or Home or Condominium Unit owned by more than one natural person or by a corporation or other legal entity shall be cast by the person named in a certificate signed by all of the Owners of the Lot or Home or Condominium Unit, or, if appropriate, by properly designated officers, partners or principals of the respective legal entity ("Voting Member"), and filed with the Secretary of the Recreation Association, and such certificate shall be

valid until revoked by a subsequent certificate. If such a certificate is not filed with the Secretary of the Recreation Association, the vote of such Lot or Home or Condominium Unit shall not be considered for a quorum or for any other purpose.

Notwithstanding the foregoing provisions, whenever any Lot or Home or Condominium Unit is owned by a husband and wife they may, but shall not be required to, designate a Voting Member. In the event a certificate designating a Voting Member is not filed by the husband and wife, the following provisions shall govern their right to vote:

1. When both are present at a meeting, each shall be regarded as the agent and proxy of the other for purposes of casting the vote for each Lot or Home or Condominium Unit owned by them. In the event they are unable to concur in their decision upon any topic requiring a vote, they shall lose their right to vote on that topic at that meeting, but shall count for purposes of establishing a quorum.

2. When only one (1) spouse is present at a meeting, the person present may cast the Lot or Home or Condominium Unit vote without establishing the concurrence of the other spouse, absent any prior written notice to the contrary by the other spouse. In the event of prior written notice to the contrary to the Recreation Association by the other spouse, the vote of said Lot or Home or Condominium Unit shall not be considered, but shall count for purposes of establishing a quorum.

3. When neither spouse is present, the person designated in a "Proxy" (as defined in the Bylaws) signed by either spouse may cast the Lot or Home or Condominium Unit vote, when voting by Proxy is allowed, absent any prior written notice to the contrary to the Recreation Association by the other spouse or the designation of a different Proxy by the other spouse. In the event of prior written notice to the contrary to the Recreation Association or the designation of a different Proxy by the other spouse, the vote of said Lot or Home Condominium Unit shall not be considered, but shall count for purposes of establishing a quorum.

I. A quorum shall consist of persons entitled to cast at least thirty percent (30%) of the total number of votes of the Members.

ARTICLE VI TERM

The term for which this Recreation Association is to exist shall be perpetual. In the event of dissolution of the Recreation Association (unless same is reinstated), other than incident to a merger or consolidation, all of the assets of the Recreation Association (other than the drainage system, which shall be conveyed to an appropriate agency of local government having jurisdiction thereof, unless such agency does not accept same) shall be conveyed to a similar homeowners association or a public agency having a similar purpose, or any Member may petition the appropriate circuit court of the State of Florida for the appointment of a receiver to manage the affairs of the dissolved Recreation Association and its properties in the place and stead of the dissolved Recreation Association and to make such provisions as may be necessary for the continued management of the affairs of the dissolved Recreation Association and its properties. In the event of dissolution of the

Recreation Association and conveyance of the drainage system to an appropriate agency of local government having jurisdiction thereof as aforesaid, such agency shall have reasonable rights of access to the Property consisting of the drainage system to operate, maintain, repair and replace the drainage system.

ARTICLE VII
INCORPORATOR

The name and address of the Incorporator of these Articles are:

John P. Lenihan
445 Douglas Avenue, Suite 1805
Altamonte Springs, Florida 32714

ARTICLE VIII
OFFICERS

The affairs of the Recreation Association shall be managed by the President of the Recreation Association, assisted by the Vice President(s), Secretary and Treasurer, and, if any, by the Assistant Secretary(ies) and Assistant Treasurer(s), subject to the directions of the Board. Except for officers elected prior to the Turnover Date, officers must be Members, or the parents, children or spouses of Members.

The Board shall elect the President, Secretary and Treasurer, and as many Vice Presidents, Assistant Secretaries and Assistant Treasurers as the Board shall, from time to time, determine. The President shall be elected from amongst the membership of the Board, but no other officer need be a Director. The same person may hold two offices, the duties of which are not incompatible; provided, however, the office of President and a Vice President shall not be held by the same person, nor shall the office of President and Secretary or Assistant Secretary be held by the same person.

ARTICLE IX
FIRST OFFICERS

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

President	-	John P. Lenihan
Vice President	-	Roger Lane Wright
Secretary/Treasurer	-	Christina D. Alvarez

ARTICLE X
BOARD OF DIRECTORS

A. The number of Directors on the first Board of Directors of the Recreation Association ("First Board") and the "Initial Elected Board" (as hereinafter defined) shall be three (3). The number of Directors selected by the Members subsequent to the "Turnover Date" (as hereinafter

defined) shall also be three (3). Except for Declarant-appointed Directors, Directors must be Members or the parents, children or spouses of Members. There shall be only one (1) vote for each Director.

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

<u>NAMES</u>	<u>ADDRESSES</u>
John P. Lenihan	445 Douglas Avenue, Suite 1805 Altamonte Springs, Florida 32714
Roger Lane Wright	445 Douglas Avenue, Suite 1805 Altamonte Springs, Florida 32714
Christina D. Alvarez	445 Douglas Avenue, Suite 1805 Altamonte Springs, Florida 32714

Declarant reserves the right to replace and/or designate and elect successor Directors to serve on the First Board for so long as the First Board is to serve, as hereinafter provided.

C. Declarant presently intends that Cinnamon Beach will contain an aggregate of one hundred eleven (111) single-family Lots and two hundred seventy-five (275) multi-family Condominium Units ("Total Developed Lots and Units"), and the Recreational Property. Notwithstanding the foregoing, Declarant has reserved the right in the Recreational Covenants to modify its plan of development for Cinnamon Beach and to add land to and withdraw land from Cinnamon Beach and, therefore, the total number of Lots and Homes and Condominium Units within Cinnamon Beach, and thus the term "Total Developed Lots and Units" may refer to a number greater or lesser than three hundred eight-six (386). The number of Lots and Condominium Units added to or withdrawn from Cinnamon Beach and the revised number of "Total Developed Lots and Units" will be set forth in a Supplemental Declaration recorded in the County if additional land is added to or withdrawn from Cinnamon Beach.

D. Upon the Turnover Date, the Members other than Declarant ("Purchaser Members") shall be entitled to elect all of the Directors. The election of the Board by the Purchaser Members shall occur as follows: the Condominium Association shall designate one (1) Director and the Homeowners Association shall designated two (2) Directors at a special meeting of the Board called for such purpose ("Initial Election Meeting"). The First Board shall serve until the Initial Election Meeting.

E. The Board shall continue to be so designated and selected, as described in Paragraph D above, at each subsequent "Annual Meeting" (as defined in the Bylaws).

A Director (other than a Declarant-appointed Director) may be removed from office only by the entity (either the Condominium Association or the Homeowners Association) which selected such Director, for any reason deemed to be in the best interests of such entity.

F. The Initial Election Meeting shall be called by the Recreation Association, through the Board, within sixty (60) days after the Purchaser Members are entitled to select all the Directors as provided in Paragraph D hereof. A notice of meeting shall be forwarded to all Members in accordance with the Bylaws; provided, however, that the Members shall be given at least fourteen (14) days' notice of such meeting.

G. The resignation of a Director who has been designated by Declarant or the resignation of an officer of the Recreation Association who has been elected by the First Board shall be deemed to remise, release, acquit, satisfy and forever discharge such officer or Director of and from any and all manner of action(s), cause(s) of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, executions, claims and demands whatsoever, in law or in equity, which the Recreation Association or Purchaser Members had, now have or will have or which any personal representative, successor, heir or assign of the Recreation Association or Purchaser Members hereafter can, shall or may have against said officer or Director for, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the day of such resignation, except for such Director's or officer's willful misconduct or gross negligence.

ARTICLE XI INDEMNIFICATION

Each and every Director and officer of the Recreation Association shall be indemnified by the Recreation Association against all costs, expenses and liabilities, including attorney and paralegal fees at all trial and appellate levels and postjudgment proceedings, reasonably incurred by or imposed upon him in connection with any negotiation, proceeding, arbitration, litigation or settlement in which he becomes involved by reason of his being or having been a Director or officer of the Recreation Association, and the foregoing provision for indemnification shall apply whether or not such person is a Director or officer at the time such cost, expense or liability is incurred. Notwithstanding the above, in the event of any such settlement, the indemnification provisions provided in this Article XI shall not be automatic and shall apply only when the Board approves such settlement and reimbursement for the costs and expenses of such settlement as being in the best interest of the Recreation Association, and in the event a Director or officer admits that he is or is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties, the indemnification provisions of this Article XI shall not apply. The foregoing right of indemnification provided in this Article XI shall be in addition to and not exclusive of any and all rights of indemnification to which a Director or officer of the Recreation Association may be entitled under statute or common law.

ARTICLE XII BYLAWS

The Bylaws shall be adopted by the First Board, and thereafter may be altered, amended or rescinded in the manner provided for in the Bylaws. In the event of any conflict between the provisions of these Articles and the provisions of the Bylaws, the provisions of these Articles shall control.

ARTICLE XIII
AMENDMENTS

A. Prior to the First Conveyance, these Articles may be amended only by an instrument in writing signed by the Incorporator of these Articles and filed in the Office of the Secretary of State of the State of Florida.

B. After the First Conveyance, and prior to the Turnover Date, these Articles may be amended solely by a majority vote of the Board, without the prior written consent of the Members, at a duly called meeting of the Board.

C. After the Turnover Date, these Articles may be amended in the following manner:

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

(b) Written notice setting forth the proposed amendment or a summary of the changes to be effected thereby shall be given to each Member within the time and in the manner provided in the Bylaws for the giving of notice of meetings.

(c) At such meeting, a vote of the Members shall be taken on the proposed amendment(s). The proposed amendment(s) shall be adopted upon receiving the affirmative vote of sixty percent (60%) of the voting interests.

2. An amendment may be adopted by a written statement (in lieu of a meeting) signed by sixty percent (60%) of the Members and all members of the Board setting forth their intention that an amendment to the Articles be adopted.

D. These Articles may not be amended without the written consent of all of the members of the Board.

E. Notwithstanding any provisions of this Article XIII to the contrary, these Articles shall not be amended in any manner which shall prejudice the rights of: (i) Declarant, without the prior written consent thereto by Declarant, for so long as Declarant holds either a leasehold interest in or title to at least one (1) Lot or Condominium Unit; and (ii) any "Institutional Mortgagee" (as such term is defined in the Recreational Covenants) without the prior written consent of such Institutional Mortgagee.

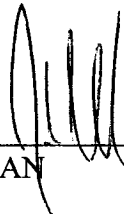
F. Notwithstanding the foregoing provisions of this Article XIII, no amendment to these Articles shall be adopted which shall abridge, amend or alter the rights of Declarant hereunder, including, but not limited to, Declarant's right to designate and select members of the First Board or otherwise designate and select Directors as provided in Article X hereof, nor shall any amendment be adopted or become effective without the prior written consent of Declarant.

G. Any instrument amending these Articles shall identify the particular article or articles being amended and shall provide a reasonable method to identify the amendment being made. A certified copy of each such amendment shall be attached to any certified copy of these Articles, and a copy of each amendment certified by the Secretary of State shall be recorded amongst the Public Records of the County.

ARTICLE XIV
REGISTERED OFFICE AND REGISTERED AGENT

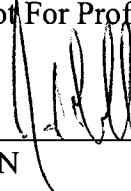
The street address of the initial registered office of the Recreation Association is 445 Douglas Avenue, Suite 1805, Altamonte Springs, Florida 32714, and the initial registered agent of the Recreation Association at that address shall be John P. Lenihan.

IN WITNESS WHEREOF, the Incorporator has hereunto affixed his signature, this 13 day of February, 2002.



JOHN P. LENIHAN

The undersigned hereby accepts the designation of Registered Agent as set forth in Article XIV of these Articles of Incorporation, and acknowledges that he is familiar with and accepts the obligations imposed upon registered agents under the Florida Not For Profit Corporation Act.



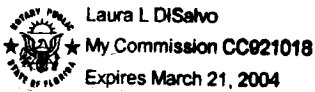
JOHN P. LENIHAN

Dated: 2/13/02

STATE OF FLORIDA)
) SS:
COUNTY OF Seminole)

I HEREBY CERTIFY that on this day, before me, an officer duly authorized in the State aforesaid and in the County aforesaid to take acknowledgments, the foregoing instrument was acknowledged before me by JOHN P. LENIHAN, who is personally known to me.

WITNESS my hand and official seal in the County and State last aforesaid this 13 day of February, 2002.



Laura L. DiSalvo
Notary Public

Laura L. DiSalvo
Typed, printed or stamped name of Notary Public

My Commission Expires:

EXHIBIT C

Bylaws of
Cinnamon Beach at Ocean Hammock Recreation Association, Inc.

**BYLAWS
OF
CINNAMON BEACH AT OCEAN HAMMOCK
RECREATION ASSOCIATION, INC.**

Section 1. Identification of Recreation Association

These are the Bylaws of Cinnamon Beach at Ocean Hammock Recreation Association, Inc. ("Recreation Association") as duly adopted by its Board of Directors ("Board"). The Recreation Association is a corporation not for profit, organized pursuant to Chapters 617 and 720, Florida Statutes.

1.1. The office of the Recreation Association shall be for the present at 445 Douglas Avenue, Suite 1805, Altamonte Springs, Florida 32714, and thereafter may be located at any place designated by the Board.

1.2. The fiscal year of the Recreation Association shall be the calendar year.

1.3. The seal of the Recreation Association shall bear the name of the Recreation Association, the word "Florida" and the words "Corporation Not For Profit."

Section 2. Explanation of Terminology

The terms defined in the Articles of Incorporation of the Recreation Association ("Articles") as well as in the Declaration of Recreational Covenants, Restrictions and Easements for Cinnamon Beach at Ocean Hammock Recreation Property ("Recreational Covenants") are incorporated herein by reference and shall appear in initial capital letters each time such terms appear in these Bylaws.

Section 3. Membership; Members' Meetings; Voting and Proxies

3.1. The qualification of Members, the manner of their admission to membership in the Recreation Association, the manner of termination of such membership and the voting by Members shall be as set forth in the Articles.

3.2. The Members shall meet annually ("Annual Meeting"). The Annual Meeting shall be held at the office of the Recreation Association or at such other place in the County as the Board may determine and on such day and at such time as designated by the Board in the notice of such meeting commencing with the year following the year in which the Articles are filed with the Secretary of State. The purpose of the Annual Meeting shall be to hear reports of the officers, announce the selected members of the Board (when that shall be appropriate as determined by the provisions of the Articles) and transact any other business authorized to be transacted at such Annual Meeting.

3.3. Special meetings (meetings other than the Annual Meeting) of the Members shall be held at any place within the County whenever called by the President or Vice President or by a majority of the Board. A special meeting must be called by such President or Vice President

upon receipt of a written request from Members having the right to vote at least one-third (1/3) of the total number of votes entitled to be cast by Members at any such special meeting.

3.4. Except as otherwise provided in the Articles, a written notice of each Members' meeting, whether an Annual Meeting or a special meeting (collectively "Meeting"), shall be given to each Member entitled to vote thereat at his last known address as it appears on the books of the Recreation Association and shall be mailed to the said address not less than fourteen (14) days nor more than forty-five (45) days prior to the date of the Meeting. Proof of such mailing shall be given by the affidavit of the person giving the notice. Any notice given hereunder shall state the time and place of the Meeting and the purposes for which the Meeting is called. The notices of all Annual Meetings shall, in addition, specify the number of Directors of the Recreation Association to be designated by Declarant and the number of Directors to be elected by the Members, if applicable. Notwithstanding any provisions hereof to the contrary, notice of any Meeting may be waived before, during or after such Meeting by a Member or by the person entitled to vote for such Member by signing a document setting forth the waiver of such notice.

3.5. The Members may, at the discretion of the Board, act by written response in lieu of a Meeting provided written notice of the matter or matters to be agreed upon is given to the Members or duly waived in accordance with the provisions of these Bylaws. Unless some greater number is required under the Cinnamon Beach Documents and except as to the election of Directors, which shall be accomplished by plurality vote, the decision of a majority of the votes cast by Members as to the matter or matters to be agreed or voted upon shall be binding on the Members provided a quorum is either present at such Meeting or submits a response if action is taken by written response in lieu of a Meeting, as the case may be. The notice with respect to actions to be taken by written response in lieu of a Meeting shall set forth the time period during which the written responses must be received by the Recreation Association.

3.6. (a) A quorum of the Members shall consist of Members entitled to cast thirty percent (30%) of the total number of votes of the Members. A quorum of any class of Members shall consist of Class Members of such class entitled to cast thirty percent (30%) of the total number of votes of the class. Limited "Proxies" and general "Proxies" (as hereinafter defined in Paragraph 3.10) may be used to establish a quorum.

(b) When a quorum is present at any Meeting and a question which raises the jurisdiction of such Meeting is presented, the holders of a majority of the voting rights present in person or represented by written Proxy shall be required to decide the question. However, if the question is one upon which a vote other than the majority vote of a quorum is required by express provision of the Cinnamon Beach Documents or by law, then such express provision shall govern and control the required vote on the decision of such question.

3.7. If a quorum is not in attendance at a Meeting, the Members who are present, either in person or by Proxy, may adjourn the Meeting from time to time until a quorum is present with no further notice of such adjourned Meeting being required unless otherwise determined by the Board.

3.8. Minutes of all Meetings shall be kept in a businesslike manner and be available for inspection by the Members and Directors at all reasonable times. The Recreation Association shall retain minutes for at least seven (7) years subsequent to the date of the meeting the minutes reflect.

3.9. Voting rights of Members shall be as stated in the Articles with respect to the selection of all Boards other than the First Board. Proxies may be used to vote on other agenda items at meetings at which Directors are to be selected, and may also be used to establish a quorum. "Proxy" is defined to mean an instrument containing the appointment of a person who is substituted in the place and stead of the person or authorized representative of an entity entitled to vote. Proxies shall be in writing signed by the person or authorized representative of an entity giving the same and shall be valid only for the particular Meeting designated therein and, if so stated in the Proxy, any adjournments thereof, provided, however, any proxy automatically expires ninety (90) days after the date of the meeting for which it was originally given. A Proxy must be filed with the Secretary of the Recreation Association before the appointed time of the Meeting in order to be valid. Any Proxy may be revoked prior to the time a vote is cast in accordance with such Proxy.

3.10. The voting on any matter at a Meeting shall be by secret ballot upon request of the holders of ten percent (10%) of the votes represented at such Meeting and entitled to be cast on such matter, if such request is made prior to the vote in question.

Section 4. Board; Directors' Meetings

4.1. The business and administration of the Recreation Association shall be by its Board.

4.2. The selection and, if applicable, designation of Directors shall be conducted in accordance with the Articles. Except for Declarant-appointed Directors, Directors must be Members or the parents, children or spouses of Members.

4.3. (a) Any person selected or designated as a Director shall have all the rights, privileges, duties and obligations of a Director of the Recreation Association.

(b) The term of a Director's service shall be as stated in the Articles and, if not so stated, shall extend until the next Annual Meeting and thereafter until his/her successor is duly elected and qualified or until he/she resigns or is removed in the manner elsewhere provided.

4.4. The organizational meeting of a newly elected Board shall be held within ten (10) days of its selection at such place and time as shall be fixed by the Directors at the meeting at which they were elected. Provided the organizational meeting is held directly following the Annual Meeting, no further notice of the organizational meeting shall be necessary; if not, however, notice of the organizational meeting shall be given in accordance with Section 720.303(2) of the Florida Statutes.

4.5. Regular meetings of the Board may be held at such times and places in the County as shall be determined from time to time by a majority of the Directors. Special meetings

of the Board may be called at the discretion of the President or the Vice President. Special meetings must be called by the Secretary at the written request of at least one-third (1/3) of the Directors. Any such special meeting may be held in the County at such time and place as determined by the Directors requesting such meeting or in such other place as all of the Directors shall agree upon.

4.6. Notice of the time and place of regular and special meetings of the Board, or adjournments thereof, shall be given to each Director personally or by mail, telephone or telegraph at least three (3) days prior to the day named for such meeting unless such notice is waived before, during or after such meeting. Any Director may waive notice of the meeting in writing before, during or after a meeting and such waiver shall be deemed equivalent to the receipt of notice by such Director.

4.7. Notice of all Board meetings shall be given to the members in accordance with Section 720.303(2) of the Florida Statutes.

4.8. A quorum of the Board shall consist of the Directors entitled to cast a majority of the votes of the entire Board. Matters approved by a majority of the Directors present at a meeting at which a quorum is present shall constitute the official acts of the Board, except as may be otherwise specifically provided by law, by the Articles or elsewhere herein. If at any meeting of the Board there shall be less than a quorum present, the majority of those present may adjourn the meeting from time to time until a quorum is present. At any meeting that takes place on account of a previously adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted. In the case of the adjournment of a meeting, no further notice of the adjourned meeting need be given unless otherwise determined by the Board.

4.9. The presiding officer at all Board meetings shall be the President. In the absence of the President, the Directors shall designate any one of their number to preside.

4.10. Directors' fees, if any, shall be determined by the Members.

4.11. Minutes of all meetings of the Board shall be kept in a businesslike manner and be available for inspection by Members and Directors at all reasonable times.

4.12. Meetings of the Board shall be open to all Members on such terms as the Board may determine. The Board may also hold closed meetings to the extent permitted by applicable law, including, by way of example but not by way of limitation, when the discussion at a meeting is governed by attorney-client privilege. If a meeting is open, unless a Member serves as a Director or unless he has been specifically invited by the Directors to participate in the meeting, no Member shall be entitled to participate in the meeting, but shall only be entitled to act as an observer. In the event a Member not serving as a Director or not otherwise invited by the Directors to participate in a meeting attempts to become more than a mere observer at the meeting or conducts himself in a manner detrimental to the carrying on of the meeting, then any Director may expel said Member from the meeting by any reasonable means which may be necessary to accomplish said Member's expulsion. Also, any Director shall have the right to exclude from any meeting of the Board any person who is not able to provide sufficient proof that he is a Member or a duly

authorized representative, agent or proxy holder of a Member, unless said person has been specifically invited by any of the Directors to participate in such meeting.

4.13. Any action required or permitted to be taken at a meeting of the Directors may be taken without a meeting if a consent in writing, specifically setting forth the action to be taken, shall be signed by all the Directors entitled to vote with respect to the subject matter thereof and such consent shall have the same force and effect as a unanimous vote of the Directors, provided, however, whenever assessments are to be considered, they may be considered only at a meeting of the Directors properly noticed in accordance with Section 720.303(2) of the Florida Statutes.

Section 5. Powers and Duties of the Board

5.1. All of the powers and duties of the Recreation Association shall be exercised by the Board. Such powers and duties of the Board shall include, but not be limited to, all powers and duties set forth in the Cinnamon Beach Documents, as well as all of the powers and duties of a director of a corporation not for profit not inconsistent therewith.

5.2. The Recreation Association may employ a manager to perform any of the duties, powers or functions of the Recreation Association. Notwithstanding the foregoing, the Recreation Association may not delegate to the manager the power to conclusively determine whether the Recreation Association should make expenditures for capital additions or improvements chargeable against the Recreation Association funds. The members of the Board shall not be personally liable for any omission or improper exercise by the manager of any duty, power or function delegated to the manager by the Recreation Association.

Section 6. Late Fees

An Owner who fails to timely pay any Recreation Assessment shall be charged a late charge of Twenty-Five Dollars (\$25) by the Recreation Association for such late Recreation Assessment. Owners shall be responsible to pay all legal fees (including, but not limited to, attorney and paralegal fees and court costs) incurred in connection with the collection of late Recreation Assessments whether or not an action at law to collect said Recreation Assessments and foreclose the Recreation Association's lien has been commenced. The Board has authorized the following initial schedule of fees for such circumstances:

- (a) One Hundred Fifty Dollars (\$150) for a Claim of Lien plus recording costs and sending of Notice of Intention to Foreclose;
- (b) One Hundred Fifty Dollars (\$150) for a Satisfaction of Lien plus recording costs; and
- (c) Any further action would require an hourly computation of attorney and/or paralegal time spent pursuing collection of such unpaid Recreation Assessments.

Section 7. Officers of the Recreation Association

7.1. Executive officers of the Recreation Association shall be the President, who shall be a Director, one or more Vice Presidents, a Treasurer and a Secretary, all of whom shall be elected annually by the Board. Any officer may be removed without cause from office by vote of the Directors at any meeting of the Board. The Board may, from time to time, elect such other officers and assistant officers and designate their powers and duties as the Board shall find to be required to manage the affairs of the Recreation Association. One person may hold any two offices simultaneously, except when the functions of such offices are incompatible, but no person shall hold the office of President and any of the following offices simultaneously: Vice President, Secretary or Assistant Secretary.

7.2. The President shall be the chief executive officer of the Recreation Association. He shall have all of the powers and duties which are usually vested in the office of the President of an Association or a corporation not for profit, including, but not limited to, the power to appoint such committees from among the Members at such times as he may, in his discretion, determine appropriate to assist in the conduct of the affairs of the Recreation Association. If in attendance, the President ("Chairman") shall preside at all meetings of the Board and the Members; provided, however, that the President may appoint a substitute.

7.3. In the absence or disability of the President, a Vice President shall exercise the powers and perform the duties of the President. If there is more than one (1) Vice President, the Board shall designate which Vice President is to perform which duties. The Vice President(s) shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the Board. In the event there shall be more than one Vice President elected by the Board, then they shall be designated "First," "Second," *etc.*, and shall exercise the powers and perform the duties of the presidency in such order.

7.4. The Secretary shall keep the minutes of all meetings of the Board and the Members, which minutes shall be kept in a businesslike manner and be available for inspection by Members and Directors at all reasonable times. The Secretary shall have custody of the seal of the Recreation Association and affix the same to instruments requiring such seal when duly authorized and directed to do so. The Secretary shall be custodian for the corporate records of the Recreation Association, except those of the Treasurer, and shall perform all of the duties incident to the office of Secretary of the Recreation Association as may be required by the Board or the President. The Assistant Secretary, if any, shall perform the duties of the Secretary when the Secretary is absent and shall assist the Secretary under the supervision of the Secretary.

7.5. The Treasurer shall have custody of all of the monies of the Recreation Association, including funds, securities and evidences of indebtedness. The Treasurer shall keep the assessment rolls and accounts of the Members and shall keep the books of the Recreation Association in accordance with good accounting practices and he shall perform all of the duties incident to the office of the Treasurer. The Assistant Treasurer, if any, shall perform the duties of the Treasurer when the Treasurer is absent and shall assist the Treasurer under the supervision of the Treasurer.

7.6. The compensation, if any, of the officers and other employees of the Recreation Association shall be fixed by the Board. This provision shall not preclude the Board from hiring a Director as an employee of the Recreation Association or preclude contracting with a Director or a party affiliated with a Director for the management or performance of contract services for all or any part of Cinnamon Beach.

Section 8. Resignations

Any Director or officer may resign his post at any time by written resignation, delivered to the President or Secretary, which shall take effect upon its receipt unless a later date is specified in the resignation, in which event the resignation shall be effective from such date unless withdrawn. The acceptance of a resignation shall not be required to make it effective. The conveyance of all Lots or Homes or Condominium Units owned by any Director or officer (other than appointees of Declarant) shall constitute a written resignation of such Director or officer.

Section 9. Accounting Records; Fiscal Management

9.1. The Recreation Association shall use the cash basis method of accounting and shall maintain accounting records in accordance with good accounting practices, which shall be open to inspection by Members and Institutional Mortgagees or their respective authorized representatives at reasonable times. Such authorization as a representative of a Member must be in writing and signed by the person giving the authorization and dated within sixty (60) days of the date of the inspection. Such records shall include, but not be limited to: (i) a record of all receipts and expenditures; (ii) an account for each Lot or Home or Condominium Unit within Cinnamon Beach which shall designate the name and address of the Owner thereof, the amount of Individual Recreation Assessments and all other Recreation Assessments, if any, charged to the Lot or Home or Condominium Unit, the amounts and due dates for payment of same, the amounts paid upon the account and the dates paid, and the balance due; (iii) any tax returns, financial statements and financial reports of the Recreation Association; and (iv) any other records that identify, measure, record or communicate financial information.

9.2. The Board shall adopt a Budget (as defined and provided for in the Recreational Covenants) of the anticipated Recreation Operating Expenses for each forthcoming calendar year (the fiscal year of the Recreation Association being the calendar year) at a special meeting of the Board ("Budget Meeting") called for that purpose to be held during the month of November of the year preceding the year to which the Budget applies. Prior to the Budget Meeting, a proposed Budget for the Recreation Operating Expenses shall be prepared by or on behalf of the Board. Within thirty (30) days after adoption of the Budget, a copy thereof shall be furnished to each Member, upon request, and each Owner shall be given notice of the Individual Recreation Assessment applicable to his or her Lot(s) or Home(s). The copy of the Budget, if requested, shall be deemed furnished and the notice of the Individual Recreation Assessment shall be deemed given upon its delivery or upon its being mailed to the Owner shown on the records of the Recreation Association at his last known address as shown on the records of the Recreation Association.

9.3. In administering the finances of the Recreation Association, the following procedures shall govern: (i) the fiscal year shall be the calendar year; (ii) any monies received by

the Recreation Association in any calendar year may be used by the Recreation Association to pay expenses incurred in the same calendar year; (iii) there shall be apportioned between calendar years on a *pro rata* basis any expenses which are prepaid in any one calendar year for Recreation Operating Expenses which cover more than such calendar year; (iv) Recreation Assessments shall be made quarterly in amounts no less than are required to provide funds in advance for payment of all of the anticipated current Recreation Operating Expenses and for all unpaid Recreation Operating Expenses previously incurred; and (v) items of Recreation Operating Expenses incurred in a calendar year shall be charged against income for the same calendar year regardless of when the bill for such expenses is received. Notwithstanding the foregoing, the Recreation Assessments for Recreation Operating Expenses and any periodic installments thereof shall be of sufficient magnitude to insure an adequacy and availability of cash to meet all budgeted expenses in any calendar year as such expenses are incurred in accordance with the cash basis method of accounting.

9.4. Individual Recreation Assessments shall be payable as provided in the Recreational Covenants.

9.5. No Board shall be required to anticipate revenue from Recreation Assessments or expend funds to pay for Recreation Operating Expenses not budgeted or which shall exceed budgeted items, and no Board is required to engage in deficit spending. Should there exist any deficiency which results from there being greater Recreation Operating Expenses than monies from Recreation Assessments, then such deficits shall be carried into the next succeeding year's Budget as a deficiency or shall be the subject of a Special Assessment or an upward adjustment to the Individual Recreation Assessment.

9.6. The depository of the Recreation Association shall be such bank or banks as shall be designated from time to time by the Board in which the monies of the Recreation Association shall be deposited. Withdrawal of monies from such account shall be only by checks signed by such persons as are authorized by the Board.

9.7. A report of the accounts of the Recreation Association shall be made annually by an accountant and a copy of the report shall be furnished to each Member who requests same in writing no later than the first day of April of the year following the year for which the report is made. The report shall be deemed to be furnished to the Member upon its delivery or mailing to the Member at his last known address shown on the records of the Recreation Association.

Section 10. Rules and Regulations

The Board may at any meeting of the Board adopt rules and regulations or amend, modify or rescind then existing rules and regulations for the operation of Cinnamon Beach; provided, however, that such rules and regulations are not inconsistent with the terms or provisions of the Cinnamon Beach Documents. Copies of any rules and regulations promulgated, amended or rescinded shall be mailed or delivered to all Members at the last known address for such Members as shown on the records of the Recreation Association at the time of such delivery or mailing and shall not take effect until forty-eight (48) hours after such delivery or mailing, or, in the event both forms of notification are used, whichever is later. Notwithstanding the foregoing, when rules and regulations are to regulate the use of a specific portion of the Recreation Association Property, same

shall be conspicuously posted at such facility and such rules and regulations shall be effective immediately upon such posting. Care shall be taken to insure that posted rules and regulations are conspicuously displayed and easily readable and that posted signs or announcements are designed with a view toward protection from weather and the elements. Posted rules and regulations which are torn down or lost shall be promptly replaced.

Section 11. Parliamentary Rules

The then latest edition of Robert's Rules of Order shall govern the conduct of all meetings of the Members and the Board; provided, however, if such rules of order are in conflict with any of the Cinnamon Beach Documents, Robert's Rules of Order shall yield to the provisions of such instrument.

Section 12. Roster of Owners

Each Owner shall file with the Recreation Association a copy of the deed or other document showing his ownership. The Recreation Association shall maintain such information. The Recreation Association may rely on the accuracy of such information for all purposes until notified in writing of changes therein.

Section 13. Amendment of the Bylaws

13.1. These Bylaws may be amended as hereinafter set forth in this Section 13.

13.2. After the Turnover Date, any Bylaw of the Recreation Association may be amended or repealed, and any new Bylaw of the Recreation Association may be adopted by either:

(i) a majority vote of the Members at any Annual Meeting or any special meeting of the Members called for that purpose or by majority action of the Members who have acted by written response in lieu of a Meeting as permitted by these Bylaws; or

(ii) by the affirmative vote of a majority of the Directors then in office at any regular meeting of the Board or at any special meeting of the Board called for that purpose or by written instrument signed by all of the Directors as is permitted by these Bylaws, provided that the Directors shall not have any authority to adopt, amend or repeal any Bylaw if such new Bylaw or such amendment or the repeal of a Bylaw would be inconsistent with any Bylaw previously adopted by the Members.

13.3. Notwithstanding any of the foregoing provisions of this Section 13 to the contrary, until the Turnover Date, all amendments or modifications to these Bylaws and adoption or repeal of Bylaws shall only be made by action of the First Board as described in the Articles, which First Board shall have the power to amend, modify, adopt and repeal any Bylaws without the requirement of any consent, approval or vote of the Members.

13.4. Notwithstanding the foregoing provisions of this Section 13, there shall be no amendment to these Bylaws which shall abridge, amend or alter the rights of: (i) Declarant,

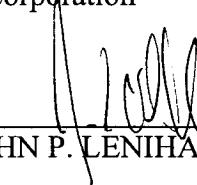
without the prior written consent thereto by Declarant for so long as Declarant holds title to at least one (1) Lot or Home or Condominium Unit; or (ii) any Institutional Mortgagee without the prior written consent of such Institutional Mortgagee.

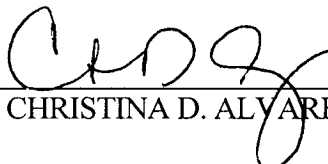
13.5. Any instrument amending, modifying, repealing or adding Bylaws shall identify the particular section or sections affected and give the exact language of such modification, amendment or addition or of the provisions repealed. A copy of each such amendment, modification, repeal or addition attested to by the Secretary or Assistant Secretary of the Recreation Association shall be recorded amongst the Public Records of the County.

Section 14. Interpretation

In the case of any conflict between the Articles and these Bylaws, the Articles shall control; and in the case of any conflict between the Recreational Covenants and these Bylaws, the Recreational Covenants shall control; and in the event of any conflict between the Articles and the Recreational Covenants, the Recreational Covenants shall control.

CINNAMON BEACH AT OCEAN
HAMMOCK RECREATION
ASSOCIATION, INC., a Florida not-for-
profit corporation

By: 
JOHN P. LENIHAN, President

Attest: 
CHRISTINA D. ALVAREZ, Secretary
(CORPORATE SEAL)