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MASTER DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR OCEAN HAMMOCK

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

THIS MASTER DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR OCEAN HAMMOCK is made this 14th day of April, 1997 by LOWE OCEAN HAMMOCK, LTD., a Florida limited partnership, whose address is One Hargrove Grade, Palm Coast, Florida 32137.

RECITALS:

- A. Declarant is the owner of the Overall Property.
- B. Declarant intends to develop and improve some or all of the Overall Property as a residential community with streets, street lights, open spaces, greenbelts, recreational areas and facilities, and stormwater drainage and retention areas, and other common areas and improvements for the benefit of the Owners of the Properties.
- C. Declarant desires to provide for the preservation and enhancement of the property values and quality of life in the Properties, the personal and general health, safety and welfare of the Owners, and for the maintenance of streets, street lights, stormwater drainage and retention areas and improvements, open spaces, greenbelts, recreational areas and facilities and other common areas and improvements located in the Properties, and, to this end, desires to subject each Additional Property, when and if annexed, to this Master Declaration.
- D. In order to provide a means for meeting the purposes and intents herein set forth, Declarant deems it desirable to create a non-profit corporation to which may be conveyed title and delegated and assigned the powers of maintaining and administering the community properties and facilities, administering and enforcing the covenants and restrictions, and collecting and disbursing the assessments and other charges hereinafter created.

DECLARATIONS:

NOW, THEREFORE, Declarant, for itself and its successors and assigns, declares that, upon annexation, each Additional Property is and shall be held, improved, used, occupies, leased, transferred, mortgaged, sold and conveyed subject to all of the reservations, covenants, conditions, restrictions, easements, charges and liens hereinafter set forth.

ARTICLE 1

DEFINITIONS

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

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

(b) "ARB" shall mean and refer to the Architectural Review Board of the Association established for architectural control purposes pursuant to Article VIII of this Master Declaration.

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

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

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

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

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

(h) "CDD" shall mean and refer to any community development district established pursuant to the provisions of Section 6 of Article IX of this Master Declaration.

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

(j) "Common Property" shall mean and refer to all real property, together with any improvements located thereon, and all personal property, from time to time devoted to the use and enjoyment of the Members of the Association and owned, operated and maintained by the Association at Common Expense. "Common Property" includes, without limitation, any platted parcel which is part of the Properties and which is designated on the plat for ownership and maintenance by the Association. Notwithstanding anything to the contrary contained in this Declaration, Common Property shall not include any portion of the Golf Course Property.

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

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

(m) "Development Plan" shall mean and refer to the non-binding, general scheme of intended improvement and use of the Overall Property, as adopted by Declarant and as amended from time to time by Declarant.

(n) "Golf Course Property" shall mean and refer to all real and personal property lying within or in the vicinity of the Overall Property and designated from time to time for use as golf course, golf clubhouse, golf practice range, golf course maintenance, swimming pool, tennis courts, tennis clubhouse, country club or other recreational activities customarily associated with golf and tennis country club operations.

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

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

(q) "Member" shall mean and refer to each Owner who is a Member of the Association as provided in Section 2 of Article III, and also, as to each Village Association, to each Owner who is a member of that Village Association.

(r) "Overall Property" shall mean and refer to the land described in Exhibit "A" attached to this Master Declaration and incorporated herein by this reference.

(s) "Owner" shall mean and refer to the record holder, whether one or more persons or entities, of fee simple title to any Residential Unit in the Properties; but, notwithstanding any applicable theory of the law of mortgages, Owner shall not mean or refer to any mortgagee unless and until such mortgagee has acquired title pursuant to foreclosure proceeding or a conveyance in lieu of foreclosure. Every Owner shall be treated for all purposes as a single Owner for each Residential Unit owned by it, irrespective of whether such ownership is joint, in common or tenancy by the entirety. Declarant shall be an Owner for so long as Declarant owns any portion of the Properties.

(t) "Properties" shall mean and refer to all Additional Properties actually annexed to the operation and effect of this Master Declaration from time to time under the provisions of Article II of this Master Declaration, if and when annexed.

(u) "Residential Unit" shall mean and refer to each separately described portion of the Properties, whether attached or detached, which is intended to be occupied as a single family residence or household, including without limitation each Lot (together with the residence, if any, constructed thereon), apartment unit, cooperative unit, condominium unit, zero lot line dwelling, patio home, townhouse, cluster home, and any other form of residential occupancy or ownership now existing or hereafter created. "Residential Unit" shall include in its meaning any interest in real property appurtenant to the ownership of the Residential Unit.

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

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

(x) "Village" shall mean and refer to each separate area of the Properties comprised of distinct types and/or densities of Residential Units and specifically designated by any Supplemental Declaration as having separate Village status. In the absence of a specific designation of separate Village status, all property made subject to this Master Declaration shall be considered a part of the same Village. Declarant may designate in any Supplemental Declaration annexing property that such property constitutes a separate Village of Villages or that it is being added to a then-existing Village. For example, and by way of illustration and not limitation, a condominium complex, townhouse development, cluster home development or single-family detached housing development may, upon Declarant filing a Supplemental Declaration therefor, constitute a separate Village where Village Common Property is owned by either the Owners residing in such Village as tenants-in-common or by a Village Association composed of such Owners, or where Residential Units therein are subject to additional covenants, conditions, restrictions and easements not otherwise applicable to Owners outside of such Village.

(y) "Village Assessments" shall mean and refer to assessments from time to time levied by the Association or any Village Association for Village Common Expense when authorized by any Supplemental Declaration, or by the Board of Directors of the Association or of any Village Association. Village Assessments shall be assessed only against the Owners of Parcels in the Village for which the particular Village Common Expense is to be incurred.

Village Assessments shall be levied uniformly in the affected Village according to each type of Residential Unit.

(z) "Village Association" shall mean and refer to any corporation not for profit, condominium or cooperative association, or other incorporated or unincorporated entity of limited jurisdiction established pursuant to Section 3 of Article V of this Master Declaration in connection with the development of any Village for the purpose of owning, operating and maintaining Village Common Properties or attending to affairs and levying Village Assessments unique to such Village and the Residential Units located therein.

(aa) "Village Committee" shall mean and refer to a committee initially appointed by Declarant and thereafter by the Board and given such duties and powers within a specified Village as shall be imposed and conferred upon it by Declarant or by the Board, including without limitation the duty to recommend to the Board the Village Assessments to be paid by the Owners in the affected Village for Village Common Expense. The composition of each Village Committee and manner and terms of appointment shall be as specified in the relevant Supplemental Declaration or by subsequent action of the Board. Each Village Committee shall at all times be subject to the paramount authority of the Board. A Village Committee shall not be appointed for any Village which has a Village Association.

(bb) "Village Common Expense" shall mean and refer to costs incurred by the Association or any Village Association for services rendered or expenses incurred which are not of general benefit but rather primarily for the benefit of and intended to be borne by the Owners of Parcels within a particular Village. Expenses incurred for the ownership, operation, maintenance and improvement of Village Common Property shall be Village Common Expense and reimbursed to the relevant association through Village Assessments.

(cc) "Village Common Property" shall mean and refer to those lands and any improvements thereon, and any personal property, which may be designated as Village Common Property on the recorded plat of any Additional Property or in any Supplemental Declaration, which are devoted exclusively to the common use and enjoyment of the Owners of Parcels within a particular Village. The costs of operation, maintenance and improvement of Village Common Property shall be borne solely by the Owners entitled to the use and enjoyment thereof. Village Common Property may be conveyed by Declarant to the Association or to any Village Association for the purpose of operation, management, maintenance and improvement.

ARTICLE II

PROPERTY SUBJECT TO THIS MASTER DECLARATION AND ADDITIONAL PROPERTY

Section 1. Property Subject to Master Declaration. None of the Overall Property or other properties eligible for annexation are made subject to this Master Declaration, it being the sole intent of Declarant hereby to identify lands and improvements which hereafter may be made subject to the operation and effect of this Master Declaration, and the means and effect of such annexation. Upon and after annexation of each Additional Property, the Additional Property so

annexed shall be held, used, occupied, mortgaged, leased, transferred, sold and conveyed subject to the reservations, covenants, conditions, restrictions, easements, charges and liens set forth in this Master Declaration, as amended, and the applicable Supplemental Declaration.

Section 2. Additional Property. Declarant (joined by the owner of the lands if other than Declarant) shall have the sole right but not the obligation to bring within the encumbrance of this Master Declaration, as Additional Property, additional lands and improvements within the Development Plan. In addition, Declarant reserves the right but shall not be obligated to annex any other lands in the general vicinity of the Development Plan. All annexations must occur, if at all, at any time on or before twenty (20) years from the date of recording this Master Declaration. Annexation may be accomplished without the consent of the Association, any Village Association, the Members, the Owners, or the occupants of the Properties, or any mortgage or lien holder.

Section 3. Method of Annexation. The additions authorized under this Article shall be made by filing of record a Supplemental Declaration with respect to the Additional Property which shall extend the scheme of the covenants and restrictions of this Master Declaration to such Additional Property. The Supplemental Declaration shall describe the real property to be annexed and shall state that it is being made pursuant to the terms of this Master Declaration for the purpose of annexing property to the scheme of this Master Declaration and extending the jurisdiction of the Association to the Additional Property. The Supplemental Declaration may contain such terms and provisions not inconsistent with this Master Declaration as may be desirable to reflect the different character, if any, of the real property being annexed or the various housing or community style characteristics and development approaches being implemented, all of which may be significantly at variance with earlier phases of the Properties. Owners, upon recordation of any Supplemental Declaration, shall also have a right and non-exclusive easement of use and enjoyment in and to the Common Property within the real property so annexed and an obligation to contribute to the cost of management, operation and maintenance of such Common Property within the annexed lands. Any Supplemental Declaration recorded in accordance with the terms hereof shall be conclusive in favor of all persons who rely thereon in good faith. From and after recordation of any Supplemental Declaration, the Additional Property described therein shall be subject to the provisions of this Master Declaration and to the jurisdiction of the Association. As to any Additional Property brought within the operation and effect of this Master Declaration, the owner thereof or Declarant may also subject such Additional Property to a declaration of condominium or other covenants and restrictions not inconsistent with this Master Declaration, and may create a separate Village Association for the purpose of owning, operating, governing, maintaining or improving Village Common Property within the Additional Property and performing the functions and fulfilling the obligations of a Village Association. In the event a Village Association is created with respect to any Additional Property, the Owners in the Additional Property affected by the Supplemental Declaration shall be Members of both the Association and the Village Association.

Section 4. Non-Binding General Plan of Development.

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

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

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

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

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

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

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

Section 6. Golf Course Property. Declarant anticipates but does not commit that the Golf Course Property will be improved as and used for (a) golf, tennis, swimming and other recreational activities customarily associated with golf and tennis country club operations, (b)

commercial activities incidental to or customarily associated with golf and tennis country club operations, including food and beverage services, and the recreation and entertainment of country club members and guests, (c) commercial activities incidental to or customarily associated with golf and tennis pro shops (d) amateur and professional golf and tennis tournaments, and (e) such concessions and other commercial activities as are incidental to or customarily associated with such golf and tennis tournaments. Declarant, for itself and its licensees, agents, invitees, successors and assigns, hereby specifically reserves unto itself an easement upon and the right, privilege and license of using any or all of the Common Property and Village Common Property, including, without limitation, any and common streets, parking lots, sidewalks and walkways in the Properties, in connection with and in support of golf and country club operations and activities and any amateur or professional golf or tennis tournaments on the Golf Course Property, including specifically, without limitation, the right, privilege, license and easement to limit, control, restrict or permit, by ticket, pass or otherwise, ingress or egress to and from the Golf Course Property by, through, over and upon any and all of the Common Property and Village Common Property. Notwithstanding anything to the contrary set forth in this Declaration, the Golf Course Property shall not be liable for Assessments of the Association and the owner and/or operator of the Golf Course Property may locate and erect thereon from time to time buildings, structures, landscaping and other improvements without the requirement of approval by the Association or the ARB. Nothing contained in this Declaration is intended or shall make the owner and/or operator of the Golf Course Property a Member of the Association or grant any rights of Membership to said owner and/or operator. Nothing contained in this Declaration is intended to or shall make the Golf Course Property subject to the ownership, operation or control of the Association.

ARTICLE III

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

Section 1. Association. The Association shall be a non-profit corporation charged with the duties and vested with the powers prescribed by law and set forth in the Articles, the Bylaws and this Master Declaration. The Articles and Bylaws are subject to amendment in accordance with their respective provisions and it shall not be necessary to amend this Master Declaration in order to amend the Articles or the Bylaws; provided, however, neither the Articles nor the Bylaws shall, for any reason, be amended or otherwise changed or interpreted so as to be inconsistent with this Master Declaration. In the event of any such inconsistency, the provisions of this Master Declaration shall prevail. The officers and directors of the Association shall be required to be either (1) Members of the Association, or (2) officers, directors, representatives or employees of Declarant. A Board of Directors of the Association, and such officers as the Board may elect or appoint, shall conduct the affairs of the Association in accordance with this Master Declaration, the Articles and the Bylaws.

Section 2. Membership. Declarant and each Owner shall be Members of the Association. The Association membership of each Owner (other than Declarant) shall be appurtenant to and may not be separated from the Residential Unit giving rise to such

membership, and shall not be transferred except upon the transfer of title to said Residential Unit and then only to the transferee of title thereto. Any prohibited separate transfer shall be void. Any transfer of title to a Residential Unit shall operate automatically to transfer the membership in the Association appurtenant thereto to the new Owner thereof. A Village Association shall not have any membership in the Association. The owner of the Golf Course Property shall not be a member of the Association and shall have no rights of such membership.

Section 3. Voting Rights. The Association shall have two (2) classes of voting membership:

(a) Class "A" Class "A" Members shall be all Owners of Residential Units, with the exception of Declarant for so long as Declarant shall be a Class "B" Member. Class "A" Members shall be entitled on all issues to one (1) vote for each Residential Unit in which they hold the interest required for membership.

(b) Class "B" The Class "B" Member(s) shall be Declarant and each successor of Declarant who takes title to any unimproved tract for the purpose of development and sale of Residential Units and to whom Declarant assigns in writing one or more of the Class "B" votes. Upon the execution of this Master Declaration, the Class "B" Members shall be entitled to one thousand eight hundred (1,800) votes based upon 3 votes for each potential Residential Unit within the existing Development Plan. If the Development Plan is hereafter expanded, then Declarant's voting rights shall be increased accordingly and may result in regaining control of the Association if sufficient additional lands are added to the Development Plan. Thereafter, the number of Class "B" votes shall be reduced by one (1) vote for each Class "A" vote from time to time existing in the Association. The Class "B" membership shall terminate and become converted to Class "A" membership upon the happening of the earlier of the following:

- (i) When the total outstanding Class "A" votes in the Association equal the total outstanding Class "B" votes; or
- (ii) Twenty (20) years from the date of recording this Master Declaration; or
- (iii) When, in its discretion, Declarant so determines.

From and after the happening of any one of these events, Declarant shall call a meeting as provided in the Bylaws for special meetings to advise the Association membership of the termination of Class "B" status. The Class "B" members shall cast on all issues their votes as the among themselves determine. It shall be permitted for Declarant to retain and to cast all Class "B" votes.

Section 4. Declarant Veto Power.

From and after the termination of the Class "B" membership, Declarant shall have a veto power over all actions of the Association and Board of Directors of the Association. This power shall expire when the Class "A" vote, other than that held by Declarant, equals ninety-five

percent (95%) of the total membership vote (regardless of class distinction) of the Association, or twenty (20) years from the date of recording of this Master Declaration, whichever occurs first. The veto shall be exercised as follows:

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

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

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

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

Section 5. Multiple Owners. Each vote in the Association must be cast as a single vote, and fractional votes shall not be allowed. In the event that joint or multiple Owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If any Owner or Owners cast a vote on behalf of a particular Residential Unit, it shall thereafter be conclusively presumed for all purposes that he was or they were acting with the authority and consent of all other Owners thereof. In the event more than the appropriate number of votes are cast for a particular Residential Unit, none of said votes shall be counted and said votes shall be deemed void.

Section 6. Duties, Powers and Authority of the Association. The Association shall have all the powers of a non-profit corporation organized under the laws of the State of Florida, subject only to such limitations upon the exercise of such powers as are expressly set forth in the Articles of Incorporation, the Bylaws, or this Master Declaration. The Association shall have the power to do any and all lawful things which may be authorized, assigned, required or permitted to be done by this Master Declaration, any Supplemental Declaration, the Articles and the Bylaws, and to do and perform any and all acts which may be necessary or proper for, or incidental to, the exercise of any of the duties or powers of the Association for the benefit of the

Owners and for the maintenance, administration and improvement of the Properties and Areas of Common Responsibility. The Association may obtain and pay for the services of any person or entity to manage any of its affairs or to perform any of its duties or prerogatives, and the Association may employ personnel for such purposes. In addition, the Association may engage legal and accounting services necessary or desirable in connection with the operation of the Association and the enforcement of this Master Declaration, the Bylaws, or the rules and regulations of the Association. All costs and expenses incident to the employment of any manager, contractor, attorney, or accountant shall be a Common Expense.

Section 7. Governance. The Association shall be governed by a Board consisting of three (3), five (5), seven (7), or nine (9), members. Initially, the Board shall consist of three (3) members, with the number in subsequent years to be determined by the members of the Board as provided for in the Bylaws; provided that there shall always be an odd number of directorships created. Anything in this Master Declaration to the contrary notwithstanding, so long as there exists a Class B membership, Declarant shall be entitled to designate all members of the Board of Directors of the Association, and, commencing upon conversion of the Class B membership to Class A membership in accordance with Subsection 3(b), and continuing thereafter until Declarant has conveyed to members other than Declarant ninety percent (90%) of the Residential Units in all phases to be operated by the Association in the Properties and in all additional lands which are subject to potential annexation pursuant to this Master Declaration, or at such earlier date as may be selected by Declarant, Declarant shall be entitled to designate at least a majority of the members of the Board of Directors of the Association. Thereafter, Declarant shall be entitled to designate at least one member of the Board so long as Declarant holds for sale in the ordinary course of business at least five percent (5%) of the Residential Units in all phases to be operated by the Association in the Properties and in all additional lands which are subject to potential annexation pursuant to this Master Declaration.

Section 8. Indemnification of the Board. The members of the Board of Directors, the officers of the Association as may be appointed by the Board, and the managing agent of the Association, if any, shall not be liable to the Members for any mistake in judgment or acts or omissions made in good faith, as directors, officers or managing agent. As is more particularly set forth in the Articles, the Members shall indemnify and hold harmless those parties against all contractual liabilities to others arising out of agreements made by those parties on behalf of the Members or the Association unless such agreements shall have been made in bad faith or with the intention of violating the provisions of this Master Declaration. The liability of any Member for the foregoing indemnity obligation shall be limited to the Member's proportionate share thereof as if same were an assessable Common Expense. All contracts and agreements entered into by the Board, officers or the managing agent shall be deemed executed by those parties, as the case may be, as agent for the Members or the Association.

ARTICLE IV

PROPERTY RIGHTS IN THE COMMON PROPERTY

Section 1. Title to Common Property. Declarant may retain the legal title to all or any portion or portions of the Common Property until such time as it has completed

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

The Association shall accept "as is" the conveyance of Common Property without any representation or warranty, express or implied, in fact or by law, with respect thereto, or with respect to the improvements and repairs to be completed after the conveyance, including, without limitation, representations or warranties of merchantability or fitness for the ordinary or any particular purpose, and without any representations or warranties regarding future repairs or regarding the condition, construction, accuracy, completeness, design, adequacy of the size or capacity in relation to the utilization, date of completion or the future economic performance or operation of, or the materials or furniture which has been or will be used in such property or repairs, except as set forth herein.

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

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

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

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

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

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

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

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

(c) The right of the Association to borrow money (a) for the purpose of improving the Common Property or any Area of Common Responsibility, (b) for acquiring additional Common Property, (c) for constructing, repairing, maintaining or improving any facilities located within the Common Property or any Area of Common Responsibility, or (d) for providing the services authorized herein, and to give as security for the payment of any such loan a mortgage or other security instrument conveying all or any portion of the Common Property; provided, however, that the lien and encumbrance of any such security instrument given by the Association shall be subject and subordinate to any and all rights, interest, licenses, easements, and privileges herein reserved or established for the benefit of Declarant, any Owner, or the holder of any Mortgage, irrespective of when such Mortgage is executed or given.

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

(e) The rights and easements reserved in this Master Declaration for the benefit of the Golf Course Property.

Section 4. Location of Common Property Not Controlling As To Use. Designation by Declarant of property as Common Property (as opposed to Village Common Property which is intended to be restricted as to user identity) shall result in general Association membership use and enjoyment entitlement regardless of the tract or phase in which the Common Property is located.

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

Section 6. Beneficiaries The easements, licenses, rights and privileges established, created and granted by this Master Declaration shall be for the benefit of the Association, Declarant, and the Owners, all as more specifically set forth elsewhere in this Master Declaration; and any Owner or Declarant may also grant the benefit of such easement, license, right or privilege to tenants and guests for the duration of their tenancies or visits, but the same are not intended nor shall they be construed as creating any rights in or for the benefit of the general public.

Section 7. Easement for Encroachments. In the event that any portion of any roadway, walkway, parking area, driveway, water lines, sewer lines, utility lines, sprinkler

system, building or any other structure or improvement as originally constructed encroaches on any Lot, Common Property or Village Common Property, it shall be deemed that the Owner of such Lot or the Association or the Village Association, as the case may be, has granted a perpetual easement to the Owner of the adjoining Lot or the Association or Village Association, as the case may be, for the continuing maintenance and use of such encroaching improvement or structure. The foregoing shall also apply to any replacements of any such improvements or structures if same are constructed in substantial conformity with the original structure or improvement.

Section 8. Access, Ingress and Egress: Roadways. All Owners, by accepting title to property conveyed subject to this Declaration, waive all rights of uncontrolled and unlimited access, ingress, and egress to and from such property and acknowledge and agree that such access, ingress, and egress shall be limited to roads, sidewalks, walkways, trails, and waterways located within the Properties from time to time, provided that pedestrian and vehicular access to and from all Residential Units and the Properties shall be provided at all times. There is reserved unto Declarant, the Association, and their respective successors and assigns, the right and privilege, but not the obligation, to maintain guarded or electronically-monitored gates controlling vehicular access to and from the Properties.

Section 9. Easements for Association. There is hereby reserved a general right and easement for the benefit of the Association, its directors, officers, agents, employees, contractors, managers, and licensees, and the ARB, to enter upon any Lot in the performance of their respective duties. Except in the event of emergencies, this easement is to be exercised only during normal business hours and then, whenever practicable, only upon advance notice to the Owner directly affected thereby. Whenever the Association, Declarant, the ARB, and their respective successors, assigns, agents, or employees are permitted by this Master Declaration to enter upon or correct, repair, clean, maintain, preserve, or do any other action within any portion of the Properties, the entering thereon and the taking of such action shall not deem to be trespass.

Section 10. Golf and Recreation Easement. There is hereby reserved for the benefit of Declarant and the owner and/or operator from time to time of the Golf Course Property and their respective employees, agents, licensees, invitees, members and guests a non-exclusive easement for ingress and egress, to, from, over and upon all portions of the Properties, including but not limited to all Lots, Common Property and Village Common Property for the purpose of allowing golf balls to travel over, into, and to come to rest upon and be retrieved from, any and all portions of the Properties. Neither Declarant, nor any other owner and/or operator from time to time of the Golf Course Property nor their respective officers, directors, shareholders, partners, employees, agents, invitees, members or guests shall have any liability or responsibility whatsoever for any property damage occasioned by, or personal injury to, any person, whether an Owner or occupant, or any member of such Owner's or occupant's family or any employee, guest, licensee or invitee of such Owner or occupant, who or which is accidentally struck by a golf ball which shall travel beyond the boundaries of the golf course located on the Golf Course Property. Moreover, the travel, entry within and coming to rest of golf balls over, upon or within any portion of the Properties shall not be deemed to be or constitute a nuisance or hazard to the health, safety or welfare of the residents or guests of the Properties and no injunctive relief or damages therefor shall be recoverable by any party or granted by any court; it being expressly

agreed by every Owner that the risk of such personal injury or damage to property has been assumed by such Owner on behalf of said Owner, tenants of such Owner, the members of their respective families and their respective employees, licensees, guests and other invitees at the time of the acceptance of a deed or other conveyance to said Owner's property.

Section 11. Golf Cart Path Easements. There is hereby created, declared and reserved for the benefit of the Declarant and the owner and/or operator from time to time of the Golf Course Property and their respective employees, agents, licensees, invitees, members and guests a non-exclusive golf cart path easement over and upon all golf cart path easement areas shown on the plats of the Properties, together with a nonexclusive easement and license unto such benefited parties to enter upon such golf cart path easement areas for the purpose of constructing, installing, inspecting, maintaining, repairing or replacing from time to time a paved golf cart path and for ingress, egress and passage thereover by way of, and for the use and operation thereon of, electric or other powered golf carts. All vehicles traveling on the roads within the Properties shall yield to golf carts at crossings where golf cart path easements intersect with said roads.

Section 12. Assumption of Risk and Indemnification. Each Owner by its purchase of a Lot in the vicinity of the Properties assumes the risk of noise, personal injury or property damage caused by maintenance and operation of the Golf Course Property, including, without limitation: (a) noise from maintenance equipment, it being specifically understood that such maintenance typically takes place around sunrise or sunset, (b) noise caused by golfers, (c) lawful use of pesticides, herbicides and fertilizers, (d) view restrictions caused by maturation of trees and shrubbery, (e) reduction in privacy caused by constant golf traffic on the Golf Course Property or the removal or pruning of shrubbery or trees on the Golf Course Property, and (f) design of the golf course and agrees that neither Declarant, Association nor any of Declarant's affiliates or agents nor any other entity owning or managing the Golf Course Property shall be liable to Owner or any other person claiming any loss or damage, including, without limitation, indirect, special or consequential loss or damage arising from personal injury, destruction of property, trespass, loss of enjoyment or any other alleged wrong or entitlement to remedy based upon, due to, arising from or otherwise related to the proximity of Owner's Lot to the Golf Course Property, including, without limitation, any claim arising in whole or in part from the negligence of Declarant, the Association or any other entity owning or managing the Golf Course Property. Each Owner hereby agrees to indemnify and hold harmless Declarant, Association and any other entity owning or managing the Golf Course Property against any and all claims by that Owner's visitors, tenants and others upon such Owner's Lot or the Common Property or Village Common Property.

Section 13. Easements for Property Not Annexed. There is hereby reserved in Declarant, and its successors, assigns, and successors-in-title to the lands which, pursuant to Article II of this Master Declaration, are eligible for annexation to the Properties but which, for any reason whatsoever, are not so annexed ("Property Not Annexed"), for the benefit of and as an appurtenance to the Property Not Annexed and as a burden upon the Common Property, perpetual, non-exclusive rights and easements for (a) pedestrian and vehicular access, ingress, egress, parking over, across, within, and on all private roads (if any), sidewalks, trails, parking facilities, and lagoons, from time to time located within the Common Property or within easements serving the Common Property, (b) the installation, maintenance, repair, replacement,

and use within the Common Property of security systems and utility facilities and distribution lines, including, without limitation, improvements of the Surface Water Management System, and electrical, gas, telephone, water, sewer, and master antenna and/or cable system lines, and (c) drainage and discharge of surface water onto and across the Common Property and on, in and through the Surface Water Management System, provided that such drainage and discharge shall not materially damage or affect the Properties or any improvements located thereon. Furthermore, in the event that the Property Not Annexed or any portion or portions thereof are not added to the Properties, then owners of residential units located therein shall also have, and there is hereby reserved for their benefit and as an appurtenance to their respective residential units, the perpetual, non-exclusive right and easement of access to and use and enjoyment of all of the recreational amenities located on the Common Property, on a basis which is equal and equivalent to that enjoyed by Owners; provided, however, that as a condition precedent to the use of the recreational amenities by any such owner of a residential unit within any portion of the Property Not Annexed not so added to the Property, such owner shall pay the Association annual assessments for the use of the recreational amenities, with such annual assessments to be calculated on the basis of an equitable proration among the Owners and those owners of residential units in such portions of the Property Not Annexed who use the recreational amenities of the Common Expense which is attributable to the maintenance, repair, replacement, and operation of those recreational amenities. Families, tenants, and guests of the owners within such portions of the Property Not Annexed who pay such assessments shall also have access to and use of the recreational amenities on an equal and equivalent basis as that enjoyed by families, tenants, and guests of Owners, respectively.

Section 14. Maintenance Easement. There is hereby reserved for the benefit of Declarant, the Association, and their respective agents, employees, successors, and assigns, an alienable, transferable, and perpetual right and easement to enter upon any property subject to this Declaration (except for the Golf Course Property) for the purpose of providing insect, reptile and pest control, mowing, removing, clearing, cutting, or pruning underbrush, weeds, stumps, or other unsightly growth and removing trash, so as to maintain reasonable standards of health, fire safety, and appearance within the Properties, provided that such easements shall not impose any duty or obligation upon Declarant or the Association to perform any such actions, or to provide garbage or trash removal services. Furthermore, it is hereby reserved for the benefit of Declarant, the Association and their respective agents, employees, successors and assigns, an alienable, transferable, and perpetual right and easement, but not the obligation, to enter upon any unimproved portions of properties subject to this Declaration which are located within fifteen (15') feet from the water's edge of any lake, canal, lagoon, pond or other body of water within the Properties for the purpose of (a) mowing such area and keeping the same clear and free from unsightly growth and trash, (b) maintaining such bodies of water, such maintenance to include, without limitation, dredging and the maintenance of reasonable water quality standards, and (c) installing, constructing, repairing, replacing, and maintaining docks and bulkheads. Notwithstanding anything to the contrary contained in this Section 14, the Owner of the Golf Course shall be obligated for maintenance and repair of the Golf Course Property in accordance with the terms and conditions herein and Section 1 of Article IX, and in the event said Owner fails to maintain the Golf Course Property, Declarant, the Association, and their respective agents, employees, successors, and assigns shall have the right and easement to enter upon the

Golf Course Property, or any portion thereof, for the purposes set forth in this Section 14 and Section 1 of Article IX.

Section 15. Drainage Easements. There is hereby reserved for the benefit of Declarant, the Association, all Owners and their respective successors and assigns a non-exclusive easement for storm water collection, retention, detention and drainage over, upon and within the rights-of-way of all streets and roads, the Surface Water Management System and all other drainage easements shown on each plat or otherwise reserved, declared or created pursuant to this Master Declaration. There is further hereby reserved for Declarant, the Association and their respective agents, employees, successors and assigns, an alienable, transferable, and perpetual right and easement on, over, and across all unimproved portions of the properties for the purposes of constructing, installing, inspecting, maintaining, repairing and replacing the Surface Water Management System and all appurtenant improvements and facilities. Additionally, Declarant, for the benefit of itself, the Association and all Owners hereby reserves easements over any and all other portions of the Common Property as may be reasonably required from time to time in order to provide storm water drainage to all or any portions of the Properties; provided, however, that any such additional drainage easements shall not unreasonably interfere with the use and enjoyment by any Owners, the Common Property affected thereby or any improvements from time to time located on any portion of the Common Property.

Section 16. Wells and Effluent. There is hereby reserved for the benefit of Declarant, the Association, and their respective affiliates, agents, employees, successors, and assigns, an alienable, transferable, and perpetual right and easement (a) to pump water from lake, canal, lagoons, ponds, and other bodies of water located within the Properties for the purpose of irrigating any portions of the Properties, (b) to drill, install, locate, maintain, and use wells, pumping stations, water towers, siltation basins and tanks, and related water and sewer treatment facilities and systems within the Common Property, or (c) to spray or locate any treated sewage effluent within the Common Property, or upon any Lot or upon unimproved portions of any other property subject to this Master Declaration.

Section 17. Roadways Within Development. It is the present intent of Declarant that all streets in the Properties will remain private. However, Declarant reserves the right, but not the obligation, to dedicate or otherwise convey any portion of the roadways within the Properties not otherwise denominated to be Common Property to the State of Florida, any political subdivision thereof, any special taxing district or a community development district or other local unit of special government purpose established pursuant to Florida Statutes, for the purpose of granting public access thereto and over said roadways. In the event of dedication or conveyance of any roadway, Declarant may, in its sole discretion, reserve an easement over any such roadway to be primarily maintained by such public body for the purpose of doing additional maintenance to said public streets and roads and to maintain landscaping along the unpaved rights-of-way thereof; and thereafter denominate in a plat or Supplemental Declaration that said easement shall constitute an Area of Common Responsibility to be maintained by the Association. Nothing contained herein shall be construed to create any public rights in private roads and streets within the Properties, if any, until such time as such roads are expressly

dedicated or conveyed to and formally accepted by the State of Florida or political subdivision thereof.

Section 18. Changes in Boundaries: Additions to Common Areas. Declarant reserves for itself and its successors and assigns, the right to change and realign the boundaries of the Common Property with any Lots or the Golf Course Property owned by Declarant; provided that any such change or realignment of boundaries shall not materially decrease the acreage of the Common Property and shall be evidenced by a Supplemental Declaration which shall be filed in the Public Records of Flagler County, Florida.

ARTICLE V

PROPERTY RIGHTS IN THE VILLAGE COMMON PROPERTY

Section 1. Title to Village Common Properties. Subject to the terms of this Master Declaration and any Supplemental Declaration and the easements reserved or granted pursuant thereto, the title to any Village Common Property shall be conveyed to the Association, or to such Village Association as may be established pursuant to Section 3 of this Article, for the purpose of owning, operating and maintaining the said Village Common Properties. Except as provided in Section 2 below, the conveyance of Village Common Property to the Association or to any Village Association shall be subject to the same reservations, rights, easements, limitations and obligations as are reserved and imposed by Article IV of this Master Declaration with respect to Common Property.

Section 2. Extent of Member's Easements. Each Owner of a Residential Unit included in any Additional Property designated in any Supplemental Declaration as containing Village Common Property for the exclusive benefit of the Owners in that Additional Property shall have a right and non-exclusive easement of use and enjoyment in and to the Village Common Property which right shall be appurtenant to the ownership of such Residential Unit. Notwithstanding anything to the contrary in this Master Declaration, a person or entity, other than Declarant and the owning association, who is not an Owner of a Residential Unit encompassed within a particular Additional Property containing Village Common Property shall have no property right or rights of use or enjoyment in and to said Village Common Property, and membership in the Association shall not be construed as vesting in any Member any property or user right in and to the Village Common Property unless said Member is also the Owner of a Residential Unit encompassed within the said Additional Property.

Subject to the rights and easements hereinafter described, Owners of Residential Units encompassed within any Additional Property containing Village Common Property shall have such non-exclusive right, license, privilege and easements of use, enjoyment, drainage, ingress and egress, and utilities in and to the Village Common Property appurtenant to and passing with the title of such Residential Units as shall be equivalent to the right, license, privilege and easements of the Members of the Association in and to the Common Property as such rights are specifically set forth in Article IV of this Master Declaration.

The Association (as to Village Common Property owned by it) shall have the same powers, duties and rights as to the said Village Common Properties as are granted to the

Association as to Common Properties, and Declarant shall have the same rights, powers and duties as to Village Common Property, as are set forth in Article IV of this Master Declaration, and the rights and easements granted to Owners of lands in any Additional Property containing Village Common Property in and to such property shall be subject to those said rights, power and duties.

Section 3. Village Association. If desired by Declarant in order to provide for the ownership, maintenance and operation of any Village Common Property and improvements therein, or in order to provide for the independent management, maintenance and operation of lands and improvements declared to be subject to the jurisdiction of such Village Association, Declarant may cause one or more Village Associations to be created with the same rights and powers with respect to the Village Common Property and the Villages within their jurisdiction (including, without limitation, the right and power to levy assessments) as are provided to the Association as to Common Property and any Village Common Property owned by it. Such Village Association may be created by any Supplemental Declaration for the affected Village, and requirements of membership therein and the obligations of the Members thereof shall be set forth in the Supplemental Declaration and in the articles of incorporation and bylaws of the Village Association; and the assessments to be levied by the Village Association shall be in addition to the assessments levied by the Association.

ARTICLE VI

INSURANCE AND CASUALTY LOSSES

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

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

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

ARTICLE VII

COVENANT FOR ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments.

(a) Each Owner by acceptance of a deed to any Residential Unit included in the Properties, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to and hereby does covenant and agree to pay to the Association: (1) annual assessments, (2) special assessments, and (3) individual assessments. Said assessments shall be fixed established and assessed to the Owners as hereinafter provided. The assessments, together with interest thereon, late charges and costs of collection thereof, including court costs and reasonable attorneys' fees, shall be an equitable charge and a continuing lien upon the Residential Unit against which each such assessment is made from the date on which each assessment is due. Each such assessment, together with interest, late charges, costs and attorneys' fees, as herein provided, shall also be the personal obligation of the person who was the Owner of such Residential Unit at the time when the assessment fell due, and his grantee shall take title to such property subject to the equitable charge and continuing lien therefor, but without prejudice to the rights of such grantee to recover from his grantor any amounts paid by such grantee therefor. In the event of co-ownership of any Residential Unit subject to this Master Declaration, all of such co-Owners shall be jointly and severally liable for the entire amount due.

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

1. All existing and proposed Common Property and Village Common Property; and
2. Any and all property owned by Declarant.

Except as set forth in this subsection, no land or improvements in the Properties shall be exempt from assessments, charges or liens. No Owner may avoid the obligation for payment of

assessments by virtue of non-use or abandonment of the Common Property or any Village Common Property.

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

- (a) Payment of operating expenses of the Association; and
- (b) Lighting, improvement and beautification of access ways and easement areas, and the acquisition, maintenance, repair and replacement of project identification signs, directional markers and traffic control devices, and the costs of controlling and regulating traffic on the access ways; and
- (c) To pay all real and personal property taxes and assessments (if any) separately levied upon or assessed against the Association, the Common Property, and Village Common Property. Such taxes and assessments may be contested or comprised by the Association. It is the intent of this Master Declaration that, inasmuch as the interest of each Owner to use and enjoy the Common Property and any Village Common Property constitutes an interest in real property on a proportionate basis appurtenant to each benefited Residential Unit, the value of the interest of each Owner in such property shall be included in the assessed value of each Residential Unit and any taxes levied directly against such community property should be of a nominal nature; and
- (d) Management, maintenance, improvement and beautification of landscaping and stormwater drainage and retention features on Common Property, Village Common Property and the Areas of Common Responsibility; and
- (e) Repayment of deficits previously incurred by the Association, if any, in making capital improvements to or upon the Common Property, Village Common Property or the Areas of Common Responsibility, and in furnishing services to or for the Members of the Association; and
- (f) Repair and maintenance of all streets and roadways situated upon the Common Property, Village Common Property or the Areas of Common Responsibility, which have not been dedicated to any governmental unit; and
- (g) Funding of appropriate reserves for future repair and replacement; and
- (h) Doing any other thing necessary or desirable in the judgment of said Association to keep the Properties, the Common Property and Village Common Property, and the Areas of Common Responsibility neat and attractive, or to preserve or enhance the value thereof,

or to eliminate fire, health or safety hazards, or which, in the judgment of said Association, may be of benefit to the Owners or occupants of the Properties.

Section 3. Determination of Annual Assessments.

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

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

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

(d) Allocation of Assessments Among Residential Units. Those portions of the operating budget reflecting Village Common Expense shall be assessed only against those Owners and Residential Units in the Village as to which the Village Common Expense is to be incurred by the Association, such assessment being the same for each similar type of Parcel or improvements in the affected Village. The balance of the operating budget of the Association shall be assessed against all non-exempt Owners and non-exempt Residential Units in the Properties in proportions based upon an equal pro-rata assessment against each Residential Unit, with reasonable variations according to Residential Unit type.

Section 4. Special Assessments.

(a) Special Assessments In addition to the annual assessments established pursuant to Section 3 hereof, the Board may levy at any time a special assessment for the purpose

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

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

Section 5. Date of Commencement of Assessments; Initial Annual Assessment; Due Dates. The assessments for each Additional Property shall commence with respect to each Residential Unit in such Additional Property on the later of (i) the day on which such Residential Unit is conveyed to a person other than Declarant, or (ii) the day the relevant Supplemental Declaration is recorded in the Public Records of Flagler County, Florida, and assessments for each such Residential Unit shall be adjusted according to the number of months then remaining in the fiscal year of the Association and the number of days then remaining in the month in which such assessments commence. The initial annual assessment for each Residential Unit in each Additional Property shall be set forth in the pertinent Supplemental Declaration.

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

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

Section 6. Village Assessments. As part of the assessments levied by the Association pursuant to Sections 3 and 4 hereof, each affected Owner shall pay Village Assessments imposed for any applicable Village Common Expense. The Village Assessments levied by the Association shall be collectible as part of, in the same manner, and on the same terms as the annual assessment. If applicable, the initial Village Assessment for each Residential Unit in each Additional Property shall be set forth in the pertinent Supplemental Declaration.

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

Section 8. Effect of Non-payment of Assessment. If any assessment is not paid on the date when due, then such assessment shall become delinquent and the delinquent assessment, together with interest thereon and/or late charges as shall be imposed by the Board at its discretion, and the cost of collection thereof, as herein provided, shall be secured by a continuing lien on the lands and improvements located thereon with respect to the ownership of which the assessment accrued which shall bind such lands and improvements in the hands of the then Owner, its heirs, successors, personal representatives and assigns. Such lien shall be prior to all other liens hereinafter created except taxes or assessments levied by governmental authority, and except as to the lien of any institutional first mortgage, as hereinafter provided. The personal obligation of the then Owner to pay such assessment, however, shall remain his personal obligation for the statutory period and shall not pass to his successors in title unless expressly assumed by them, but no such assumption shall relieve any Owner personally obligated hereby for delinquent assessments from such Owner's personal liability therefor.

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

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

Section 9. Subordination. The lien of the assessments provided for by this Master Declaration shall be subordinate to the lien of any mortgage or mortgages now or hereafter placed upon any Residential Unit in the Properties and held by a commercial or savings bank, trust company, credit union, industrial loan association, insurance company, pension fund, or business trust, including but not limited to a real estate investment trust, any other lender regularly engaged in financing the purchase, construction, or improvement of real estate, or any assignee of loans made by such lender, or any private or governmental institution or agency which has insured the loan of any such lender, or any combination of any of the foregoing

entities; provided, however, that a sale or transfer of any Residential Unit pursuant to a decree of foreclosure, or pursuant to any proceeding in lieu of foreclosure, shall not relieve such Residential Unit from liability for any assessments which thereafter become due, nor from the lien of any subsequent assessment. Said assessment liens, however, shall be subordinate to the lien of any such mortgage or mortgages hereafter placed upon the properties subject to assessment.

Section 10. Declarant's Properties. Anything contained herein to the contrary notwithstanding, Declarant shall be exempt from the payment of any assessments with respect to properties owned by Declarant and subject to this Declaration. Declarant hereby covenants and agrees, however, that, so long as a Class "B" membership exists, Declarant shall pay to the Association, at the end of the annual accounting period, a sum of money equal to any operating deficit experienced by the Association, exclusive of any reserves for the replacement of improvements and any extraordinary losses or expenses; provided, however, Declarant shall not pay more than a sum equal to the amount of the assessment for said year, or portion thereof owed, which the Declarant would have paid if the exempted property were not exempt. Declarant may also waive the assessment obligations of one or more Owners or classes of Owners as long as Declarant covers the resulting budgetary shortfall of the Association. At any time, Declarant shall be entitled to terminate the option to pay the operating budget shortfall of the Association in accordance with this paragraph, in which event Declarant shall then pay a per-Residential Unit assessment for each Residential Unit in the Properties then owned by Declarant.

Section 11. Working Capital. Each purchaser of a Residential Unit from Declarant shall pay to the Association at the closing of the purchase a sum equal to two (2) months of the annual assessment for working capital. Such sums are and shall remain separate and distinct from annual assessments, shall not be considered advance payments of annual assessments, and shall not be returned to the Owner by the Association under any circumstance, including, without limitation, the sale of the Owner's Residential Unit.

ARTICLE VIII

ARCHITECTURAL CONTROL

Section 1. Architectural Control. All lands and improvements in the Properties are subject to architectural and environmental review. This review shall be in accordance with this Article VIII and the Planning Criteria described below. No site work, landscaping, utilities extensions, drainage improvements, paving, parking areas, construction, fence, wall or any other physical or structural improvement, (including without limitation, the construction or installation of sidewalks, driveways, parking lots, mail boxes, decks, patios, courtyards, greenhouses, awnings, walls, fences, exterior lights, garages, guest or servants' quarters, or other outbuildings, screened enclosures, television or radio antennae, satellite receiving dishes and equipment, swimming pools, tennis courts, playhouses, swing sets, basketball courts, standards and/or backboards or any other recreational devices or equipment) nor shall any exterior addition to or change or alteration to the exterior of any existing structure or improvement be made (including, without limitation, painting or staining of any exterior surface) or change or alteration to the exterior of any existing structures or improvements, or to any existing landscaping, shall be commenced, erected or maintained unless and until the plans or specifications showing the

nature, size, workmanship, design, signs, shape, finished grade elevation, height, materials and color of the same, together with a detailed landscape plan and a plot plan showing the location relative to boundaries and adjacent improvements of such proposed improvements or changes, shall have been submitted to and approved in writing by the Architectural Review Board ("ARB") as to consistency with the Development Plan and the Ocean Hammock Planning, Construction and Development Criteria ("Planning Criteria"), harmony of exterior design and materials and location in relation to surrounding structures, and as to drainage features and topography. Nothing herein contained shall be deemed to limit the right of an Owner to finish or alter the interior of that Owner's improvements as that Owner deems appropriate or desirable.

Section 2. ARB. The ARB shall promulgate and revise from time to time the Planning Criteria for the Properties which shall, at a minimum, be consistent with the regulations of any governmental agency with jurisdiction to regulate the planning, construction and development of the Properties. The Planning Criteria shall be set forth in writing and made available to all builders doing business in the Properties, and to all Owners and prospective Owners. The Planning Criteria may include any and all matters considered appropriate by the ARB not inconsistent with the provisions of this Master Declaration, including without limitation minimum square footage requirements for Residential Units. Different Planning Criteria may be adopted and enforced for improvements in different portions of the Properties. So long as Declarant owns any lands subject to this Master Declaration or eligible for annexation to this Master Declaration, Declarant shall be entitled to appoint all members of the ARB. Thereafter, the membership of the ARB shall be determined by the Board. The ARB shall consist of no less than three (3) members, none of whom shall be required to be Owners or occupants of the Properties. Declarant may at any time assign in writing its powers of removal or appointment to any entity or person, subject to such terms and conditions as Declarant may choose to impose. A majority of the members of the ARB shall constitute a quorum for transacting business, and the concurrence of a majority of the members of the ARB shall be required for any decision of the ARB. The conclusion and opinion of the ARB shall be binding. The ARB shall have the sole discretion to determine whether plans and specifications submitted for approval are acceptable to the Association. If in its opinion, for any reason, including purely aesthetic reasons, the ARB should determine that any proposed improvement, alteration, etc. is not consistent with the Planning Criteria or the Development Plan, such alteration or improvement shall not be made.

Section 3. Approval or Disapproval. Unless waived by the ARB, all plans and specifications shall be prepared by a Florida licensed or certified architect or engineer, said person to be employed by and at the expense of the Owner making the application. Approval of the plans and specifications may be withheld not only because of noncompliance with any of the specific conditions, covenants and restrictions contained in this Master Declaration, but also by virtue of the reasonable dissatisfaction of the ARB with the location of the structure on the lot, the elevation, the color scheme, the finish, design, proportions, architecture, drainage plan, shape, height, style and appropriateness of the proposed structures or altered structures, the materials used therein, the planting, landscaping, size, height or location of vegetation on the property, or because of its reasonable dissatisfaction with any or all other matters or things which, in the reasonable judgment of the ARB, will render the proposed item of improvement inharmonious or out of keeping with the general Development Plan or the Planning Criteria. Two (2) sets of plans, specifications and plot plans shall be submitted to the ARB by the Owner prior to applying

for a building permit. The Owner shall obtain a written receipt for the plans and specifications from a member of the ARB. Plans and re-submittals thereof shall be approved or disapproved within twenty (20) days after receipt by the ARB. Failure of the ARB to respond in writing to a submittal or re-submittal of plans within such period shall be deemed to be an approval of the plans as submitted or re-submitted. The ARB approval or disapproval, as required by this Master Declaration, shall be in writing and shall accompany one (1) set of plans to be returned to the Owner. Whenever the ARB disapproves plans and specifications, the disapproval shall be accompanied by a written outline of the reason or reasons for such disapproval. The remaining set of plans shall become property of the ARB. The ARB shall establish a fee sufficient to cover the expense of reviewing plans and related data and to compensate any consulting architects, landscape architects, urban designers, inspectors, or attorneys retained in accordance with the terms hereof. The fee initially established for such review shall be Two Hundred Fifty and No/100 Dollars (\$250.00) for each submission, and the ARB shall have the right to increase this amount from time to time.

Section 4. Violations. The work approved must be performed strictly in accordance with the plans, specifications and plot plans, as submitted and approved. If after such plans and specifications have been approved, the improvements are altered, erected, or maintained upon the property otherwise than as approved by the ARB, such alteration, erection and maintenance shall be deemed to have been undertaken without the approval of the ARB having been obtained as required by this Master Declaration. Following approval of any plans and specifications by the ARB, representatives of the ARB shall have the right during reasonable hours to enter upon and inspect any property or improvements with respect to which construction is underway within the Properties to determine whether or not the plans and specifications thereof have been approved and are being complied with. After the expiration of one (1) year from the date of completion of any improvement, addition or alteration, said improvement shall, in favor of purchasers and encumbrances in good faith and for value, be deemed to comply with all of the provisions hereof unless a notice of such noncompliance executed by any member of the ARB shall appear of record in the office of the Clerk of the Circuit Court of Flagler County, Florida, or legal proceedings shall have been instituted to enforce compliance with these provisions. Upon approval of the ARB, it shall be conclusively presumed that the location and exterior configuration of any building, structure or other improvement placed or constructed in accordance with the approved plans and specifications does not violate the provisions of this Master Declaration. The approval of the ARB of any plans or specifications submitted for approval as herein specified shall not be deemed to be a waiver by the ARB of its rights to object to any of the features or elements embodied in such plans or specifications if or when the same features or elements are embodied in any subsequent plans or specifications submitted.

Section 5. Variances. The ARB may authorize variances from compliance from any of the architectural provisions of this Master Declaration or the Planning Criteria, including without limitation restrictions upon height, size or placement of structures, or similar restrictions, when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental considerations may require. Such variances must be evidenced in writing and must be signed by at least two (2) members of the ARB and shall be effective upon delivery to the Owner. If such variances are granted, no violation of this Master Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted. The

granting of such a variance shall not operate to waive any of the terms and provisions of this Master Declaration or the Planning Criteria for any purpose except as to the particular Residential Unit and the particular provision covered by the variance, nor shall it affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting the use of the Owner's Residential Unit, including but not limited to zoning ordinances and setback requirements imposed by Flagler County.

Section 6. Waiver of Liability. Neither Declarant, the ARB, any member of the ARB, or the Association, or any of their representatives shall be liable in damages to anyone submitting plans for approval or to any Owner or occupant of the Properties by reason of mistake in judgment, negligence, or nonfeasance arising out of or in connection with the approval or disapproval of any plans, or the failure to approve any plans. Every person who submits plans for approval agrees, by submission of such plan, and every Owner or occupant of any Residential Unit agrees, by acquiring title thereto or an interest therein, that it will not bring any action, proceeding or suit to recover any such damages. Approval of any building plans, specifications, site or landscape plans or elevations, or any other approvals or consents pursuant hereto or otherwise is given solely to protect the aesthetics of the Properties and shall not be deemed a warranty, representation or covenant that such buildings, improvements, landscaping or other action taken pursuant thereto or in reliance thereof complies with, or is not in violation of, any applicable laws, ordinances, requirements, codes, rules or regulations. No approval of plans and specifications and no publication of architectural standards shall be construed as representing or implying that such plans, specifications, or standards will, if followed, result in properly designed improvements. Such approvals and standards shall in no event be construed as representing or guaranteeing that any improvement built in accordance therewith will be built in a lawful, safe, good and workmanlike manner. Declarant, the ARB, or any agent or architect thereof, shall not be responsible in any way for any defects in any plan or specifications submitted, revised or approved in accordance with the requirements of the ARB, or for any structural or other defect in any work done according to such plans and specifications.

Section 7. Enforcement of Planning Criteria. Declarant and the Board shall have the standing and authority on behalf of the Association to enforce in courts of competent jurisdiction the Planning Criteria and the decisions of the ARB and they shall have all remedies available at law and in equity, including without limitation action to enjoin further construction and to require the removal or correction of any work in place which does not comply with approved plans and specifications. Should Declarant or the Association be required to enforce the provisions hereof by legal action, the reasonable attorney's fees and costs incurred, whether or not judicial proceedings are instituted, shall be collectible from the violating Owner. In addition, should any Owner fail to comply with the requirements hereof after thirty (30) days written notice, Declarant and the Association shall have the right to enter upon the Owner's property, make such corrections or modifications as are necessary, or remove anything in violation of the provisions hereof or the Planning Criteria, and charge the cost thereof to the Owner. Declarant and the Association, or their agents or employees, shall not be liable to the Owner or to any occupant or invitee of any Lot or Parcel for any trespass or damages or injury to the property or person unless caused by negligence or intentional wrongdoing.

Section 8. Term of Approval. Approval by the ARB shall be effective for a period of one (1) year from the date the approval is given, or one (1) year from the expiration of the thirty

(30) day period specified in Section 2 hereof where approval is not expressly granted or denied. If construction has not commenced within the said one (1) year period, the approval shall have expired and no construction shall thereafter commence without written renewal or such prior approval.

ARTICLE IX

EXTERIOR MAINTENANCE.

Section 1. Owner's and Village Association Responsibilities; Default. It shall be the affirmative duty of each Owner at all times to keep and maintain all improvements, lawns, landscaping, and grounds, and all stormwater drainage and retention facilities located on and serving to drain its Residential Unit, in good and presentable condition and repair consistent with the approved plans and specifications therefor. It shall be the affirmative duty of the applicable Village Association at all times to keep and maintain the improvements, lawns, landscaping, grounds, and stormwater drainage and retention improvements located on and serving to drain Village Common Property made subject to its ownership or control in good and presentable condition and repair. The Association shall have the right to provide exterior maintenance upon any Residential Unit or Village Common Property and improvements thereon in the Properties in the event of default by any Owner or Village Association in its duties hereby imposed; subject, however, to the following provisions. Prior to performing any maintenance on an Owner's property or on any Village Common Property owned or controlled by a Village Association, the Board shall determine that same is in need of repair or maintenance and is detracting from the overall appearance of the Properties. Except in the event of an emergency, prior to commencement of any maintenance work, the Board must furnish fifteen (15) days prior written notice to the relevant Owner or Village Association at the last address listed in the Association's records notifying the Owner or Village Association that unless certain specified repairs or maintenance are commenced within said fifteen (15) day period and thereafter diligently pursued to completion, the Association may procure said repairs and charge same to the benefited Owner(s). Upon the failure of the Owner or Village Association to act within said period of time and to thereafter diligently pursue repairs or maintenance, the Association shall have the right to enter in or upon any Residential Unit or Village Common Property and the exterior of improvements located thereon, or to hire personnel or contractors to do so, to make such necessary repairs, or maintenance as is specified in the written notice. In this connection, the Association shall have the right to do such things as, but limited to, paint, repair, replace and care for roofs, gutters, down spouts and exterior building surfaces, clean or resurface paved access ways and parking areas, trim and care for trees, shrubs, grass, walks, swales, berms and other landscaping and drainage improvements, as well as to provide general cleanup, shoreline maintenance, and removal of debris which in the opinion of the Association detracts from the overall beauty and setting of the Properties. Declarant and the Association, or their agents or employees, shall not be liable to any Owner or Village Association for any trespass or damages or injury to the property or person of the Owner or Village Association or the occupants or invitees of the affected Residential Unit or Village Common Property or any improvements thereon unless caused by negligence or intentional wrongdoing.

Section 2. Assessment of Cost. The cost of the repair or maintenance referred to in Section 1 shall be assessed as an individual assessment against the Owner of the Residential Unit

upon which such maintenance is done or, in the case of work performed on Village Common Property, against all Owners who are members of the applicable Village Association. Said individual assessment shall be secured by a lien upon each such Owner's Residential Unit and shall also constitute a personal obligation of each such Owner. The individual assessment shall be collectible along with interest at the highest rate allowed by law from date of expenditure to date of payment by the Owner, and costs of collection and attorneys fees, in the same manner as delinquent annual assessments.

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

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

Section 5. Exculpation from Liability and Responsibility. It is contemplated that title to or easements for the Common Streets and Surface Water Management System for the Properties have heretofore been or shall hereafter be granted and conveyed by the Declarant to the Association or the CDD. Following such conveyance the Association or CDD, as applicable, shall, subject to the terms and provisions of this Declaration, have sole and exclusive jurisdiction

over and responsibility for the ownership, administration, management, regulation, care, maintenance, repair, restoration, replacement, improvement, preservation and protection of the Common Streets and Surface Water Management System within the Properties. Accordingly, each owner, by the acceptance of a deed or other conveyance to his lot shall be deemed to have agreed that neither the Declarant, Flagler County nor any other governmental agency other than the CDD, if applicable, shall have any liability or responsibility whatsoever (whether financial or otherwise) with respect to the common streets and the Surface Water Management System for the Development and each such Owner shall be deemed to have further agreed to look solely and exclusively to the Association or CDD with respect to any such liability or responsibility.

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

ARTICLE X

RESTRICTIVE COVENANTS

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

Section 1. Compliance with Law In addition to complying with plans and specifications approved by the ARB, all improvements constructed on a Lot shall be designed and constructed in compliance with all applicable laws, ordinances, codes, regulations and

requirements of governmental authorities with jurisdiction over the Properties, including, without limitation, all applicable zoning, building codes, health and fire-safety codes and all requirements related to construction in flood hazard areas.

Section 2. Use of Residential Units. Except as permitted by Section 5 of Article IV, each Residential Unit shall be used for residential purposes only, and no trade or business of any kind may be carried on therein. The use of a portion of a Residential Unit as an office by an Owner or other occupant shall not be considered to be a violation of this covenant if such use is lawful and does not create regular customer, client or employee traffic. Furthermore, the operation of the Golf Course Property, including, without limitation, the charging and collecting of rentals, fees and charges in connection therewith, shall be expressly permitted within the Properties and shall not be deemed to be a violation of the terms of this Section 2. Lease or rental of a Residential Unit for residential purposes shall also not be considered to be a violation of this covenant so long as the lease (a) is for not less than the entire dwelling and all the improvements thereon, and (b) is otherwise in compliance with rules and regulations as may be promulgated and published from time to time by Declarant and the ARB. All such leases or rental agreements shall be required to be in writing and, upon request, the Owner shall provide the Declarant and ARB with copies of such lease or rental agreement.

Section 3. Water Wells and Septic Tanks. Subject to the terms of Section 5 of Article IV, no private water wells or septic tanks may be drilled, installed or maintained on the Properties. Shallow well pumps may be authorized by the ARB for air conditioning/heating and lawn and garden irrigation use if tests indicate water is satisfactory.

Section 4. Landscaping. Landscaping on each Lot and stormwater drainage and retention features located on and serving only that Lot shall be continuously maintained in good, aesthetically pleasing condition by the Owner thereof. The Owner of each Lot abutting a body of water or any canal shall maintain the shoreline of said Lot free of debris and weeds consistent with applicable environmental regulations. All landscaped and grassed areas on each Lot shall be watered by means of an automatic underground sprinkler system which shall be employed so as to keep all vegetation in excellent condition. Landscaping as approved by the ARB shall be installed within ninety (90) days of occupancy or completion of any dwelling (as evidenced by a certificate of occupancy or its equivalent), whichever occurs first. No landscaping on any Lot shall be installed or maintained within any golf course setback line established by Declarant except with prior written approval of the ARB.

Section 5. Obnoxious or Offensive Activity. No obnoxious or offensive activity shall be allowed upon the Properties, nor shall any use or practice be allowed which is a source of annoyance, embarrassment or discomfort to Owners or their tenants or invitees, or which interferes with the peaceful possession and proper use and enjoyment of the Properties, nor shall any improper, unsanitary, unsightly, offensive or unlawful use be made of or condition or activity permitted on any Residential Unit or improvements thereon or of the Common Property or Village Common Property, nor any part thereof, and all laws, zoning ordinances, and regulations of all governmental bodies having jurisdiction shall be observed. The use, enjoyment and occupancy of the Properties shall be in such a manner so as not to cause or produce any of the following effects discernible outside buildings located thereon or affect the adjoining property or any portion or portions thereof; noise or sound that is objectionable because of its

volume, duration, intermittent beat, frequency or shrillness; smoke, noxious, toxic or corrosive fumes or gases; obnoxious odors; dust, dirt or fly ash; unusual fire or explosive hazards; or vibration. Without limiting the generality of the foregoing provisions, no exterior speakers, horns, whistles, bells or other sound devices, except security and fire alarm devices used exclusively for such purposes, shall be located, used, or placed within the Properties, or except as may be permitted by the ARB.

Section 6. Rules and Regulations. Rules and regulations promulgated by the Board as to the use and enjoyment of the Properties shall be observed by the Owners and occupants thereof. Such rules and regulations may involve matters such as but not limited to air conditioning units, signs, mailboxes, temporary structures, noisy mufflers or other nuisances, garbage and trash disposal, clotheslines, parking, vehicle traffic, and the state of repair of vehicles, gutters, pets, game and play structures, swimming pools, telecommunication dishes and antennae, driveways, walkways, sight distance at intersections, garages, fences, sunscreens, blinds and shades. These matters are set out by way of illustration only and shall not be construed to limit the authority of the Board to promulgate and enforce rules and regulations. Such rules and regulations may supplement or clarify the terms of this Master Declaration, any Supplemental Declaration, or any provision, covenant or restriction contained in either. Copies of such rules and regulations shall be made available to each Owner prior to the time same become effective. Such rules and regulation shall be binding upon the Owners, their families, tenants, guests, invitees, servants, and agents, until and unless any such rule or regulation be specifically overruled, canceled, or modified by the Board or in a regular or special meeting of the Association by the vote of the Owners, in person or by proxy, holding a majority of the votes cast.

Section 7. Animals. No animals, livestock, birds, poultry or reptiles of any kind shall be raised, bred, or kept by any Owner upon any portion of the Properties except for a reasonable number of dogs, cats, birds or other usual and customary household pets kept in dwellings, subject to rules and regulations adopted by the Association, and further provided that such pet or pets are kept or maintained solely as domestic pets and not for any commercial purpose. For purposes hereof, numbers in excess of two (2) of each such type of household pet (other than aquarium-kept tropical fish) shall *prima facie* be considered unreasonable. No pet shall be allowed to make an unreasonable amount of noise or to become a nuisance. No exterior structure for the care, housing, or confinement of any pet shall be constructed or maintained on any part of the Properties. Upon the written request of any Owner, the Board may conclusively determine, in its sole and absolute discretion, whether, for purposes of this Section 7, a particular pet is a usual and customary household pet or such pet is a nuisance, and the Board shall have the right to require the owner of a particular pet to remove such pet from the Properties if such pet is found to be a nuisance or to be in violation of these restrictions. Each Owner shall be liable to the Association for the cost of repair of any damage to the Common Property or Village Common Property caused by the pet of such Owner or of an occupant of such Owner's dwelling.

Section 8. Garbage and Trash. No trash, rubbish, debris, garbage or other waste material or refuse shall be placed, stored or permitted to accumulate on any part of the Properties except in covered or sealed sanitary containers. All such sanitary containers must be stored within each building, buried underground, or placed within an enclosure or concealed by means

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

Section 9. Storage Receptacles. No fuel tanks or similar storage receptacles may be exposed to view, and same may be installed only within an approved accessory building, within a screened area, or buried underground, and shall otherwise comply with standards established from time to time by the Board.

Section 10. Vehicles. Each Owner shall provide for parking of vehicles off street and roads within the Properties. No parking shall be permitted in or along any of the streets in the Properties. There shall be no outside storage or parking upon any portion of the Properties of any mobile home, trailer (either with or without wheels), motor home, tractor, truck (other than personal-use pick-up trucks and sport-utility vehicles), commercial vehicles of any type (including, without limitation, cars or trucks with advertising signs or lettering), camper, motorized camper or trailer, boat or other water craft, boat trailer, motorcycle, motorized go-cart, or any other related forms of transportation devices, except if adequately screened from view or otherwise permitted in writing by the Declarant or the Association. No Owners or other occupants of any portion of the Properties shall repair or restore any vehicle of any kind upon or within a property subject to this Master Declaration except (a) within enclosed garages or workshops, or (b) for emergency repairs, and then only to the extent necessary to enable the movement thereof to a proper repair facility. Violators of the prohibitions contained in this Section 10 shall be subject to having their vehicles towed, at the owner's expense, by or at the direction of the Association, and to the levy of fines by the Association in such amount as may be determined from time to time by the Board. Additional rules and regulations regarding use, repair and storage of vehicles in the Properties may be promulgated from time to time by the Board.

Section 11. Golf Carts. No golf carts other than those from time to time used in the operations and activities conducted upon the Golf Course Property by the owner of the Golf Course Property shall be permitted to be used on the Properties.

Section 12. Temporary Structures. No structure of a temporary character shall be place upon the Properties at any time; provided, however, that this prohibition shall not apply to (i) Declarant's sales and construction activities, (ii) shelters or temporary structures used by the contractor during construction of permanent structures (provided such temporary shelters may not, at any time, be used as residences or permitted to remain on the subject property after completing of construction), or (iii) any shelters, tents, pavilions or other temporary shelters which may from time to time be erected on the Golf Course Property in connection with tournaments and other social or special events. The provisions of this Section 12 shall not prohibit the erection of temporary structures for social functions as may be permitted by rules and regulations promulgated by the ARB.

Section 13. Signs. No signs, advertisements, billboards or solicitation or advertising structures of any kind shall be erected, modified or maintained within any windows, on the exterior of any improvements, or on the grounds of any Residential Unit, unless prior written approval of the ARB is obtained; provided, however, street numbers and name signs on

Residential Units and one sign containing not more than eight (8) square feet of surface area per side (2 sides maximum) and used solely in connection with the marketing of Residential Units for sale shall be permitted without prior written approval. The restrictions of this section shall not apply to Declarant, or to any signs, etc. required by legal proceedings.

Section 14. Air-Conditioning Equipment. No air conditioning equipment which is visible on the exterior of any improvement shall be permitted in the Properties unless approved by the ARB. Approval shall be based upon adequacy of screening and/or landscaping of such equipment. The ARB may prohibit window air conditioning units altogether or impose stricter standards.

Section 15. Drainage Structures. No person (other than Declarant), without the prior written approval of the ARB and St. Johns River Water Management District, shall obstruct, alter or in any way modify the method and/or structures of drainage utilized or now or hereafter installed by Declarant or the Association from, on and over any Residential Unit, Common Property, Village Common Property or any Area of Common Responsibility; nor shall any structure be erected, placed or maintained which shall in any way obstruct such drainage devices or facilities or impede their efficient operation.

Section 16. Receiving and Transmitting Devices. No television antenna, radio receiver, satellite receiving dish having a diameter in excess of twenty (20) inches, or other similar device shall be erected, attached to or installed on any portion of the Properties, unless contained entirely within the interior of a building or other structure or screened from view in accordance with architectural standards adopted therefore by the ARB, nor shall radio or television signals, nor any other form of electromagnetic radiation, be permitted to originate from any property within the Properties; provided, however, that Declarant and the Association, and their designated licensees, shall not be prohibited from installing equipment necessary for mast antenna, security, cable television, satellite receiving facilities, mobile radio, or other similar systems within the Properties.

Section 17. Further Subdivision. No part of the Properties shall be further subdivided except as platted without the prior written consent of Declarant for so long as Declarant owns any portion of the Properties or any land which is eligible for annexation to the Properties, and thereafter by the Board.

Section 18. Additional Restrictions. No Owner may impose additional restrictive covenants on any lands within the Properties beyond those contained in this Declaration without consent of the Declarant for so long as Declarant owns any portion of the Properties or any land which is eligible for annexation to the Properties, and thereafter without consent of the Board. Declarant may impose additional restrictive covenants on property then owned by Declarant without the consent of any other Owner or the Association. Declarant reserves the right to impose additional covenants, conditions and restrictions on Additional Properties pursuant to the Supplemental Declaration applicable to each such Additional Property.

Section 19. Exclusive Right to Sell. To further the purposes of this Declaration and promote the cohesiveness and values of the Properties or any land which is eligible for annexation to the Properties, for so long as Declarant owns any portion of the Properties or any

lands which are subject to potential annexation, Declarant reserves the right to designate from time to time an exclusive real estate broker (the "Broker") for the sale of each portion of the Properties, including without limitation Residential Units which are offered for sale by the Owner thereof, subject to the terms and conditions set forth in this Section 21. The Broker may be Declarant, or an affiliate of Declarant or an independent entity. In the event any Owner desires to sell its property and to use a real estate broker for such purpose, the Owner shall notify the Broker in writing at Broker's address which shall be available at the office of the Declarant. Upon receipt of said notice, Broker shall inform the Owner of the then prevailing real estate brokerage fee for its services (the "Commission"). Broker shall have one hundred eighty (180) days after receipt of such notice from Owner to effect a sale of said Owner's property. If a contract to purchase such property is entered into within the aforesaid 180-day period, whether through the efforts of the Broker, the Owner or otherwise, Broker shall have earned and receive the Commission upon the date of closing of the sale of the Owner's property. The Owner shall refer all inquiries regarding the Owner's property to the Broker. If no contract to purchase the Owner's property is entered into within the 180-day period, the Owner may employ any broker to sell said property. If the Owner shall sell its property through another broker without allowing Broker the 180-day opportunity to sell same, the Owner shall remain liable to pay the Commission to Broker. Nothing contained herein is intended to prohibit an Owner from selling its property without the aid of a real estate broker, and upon any such sale by an Owner without a broker, the Owner shall not be required to pay the Commission to Broker. This Section 19 shall not apply to the sale of any property by the Declarant or by any holder of any mortgage who has acquired title to the encumbered property through foreclosure or deed in lieu foreclosure.

Section 20. Completion of Construction. After commencement of construction of any improvements in the Properties, the Owner shall diligently prosecute the work thereon, to the end that the improvements shall not remain in a partly finished condition any longer than reasonably necessary for completion thereof. The Owner of the Lot on which improvements are being constructed shall at all times keep public and private streets contiguous to the Lot free from any dirt, mud, garbage, trash or other debris which might be occasioned by construction of the improvements. During construction, the Owner shall require its contractors to maintain the Lot upon which such work is being done in a reasonably clean and uncluttered condition and, to the extent possible, all construction trash and debris shall be kept within refuse containers. Upon completion of construction, the Owner shall cause its contractors to immediately remove all equipment, tools, and construction material and debris from the Lot.

Section 21. Excavation. No clearing or excavation shall be made except in connection with the construction, maintenance or repair of an improvement; and upon completion thereof exposed openings shall be back-filled, and disturbed ground shall be leveled, graded and seeded, as provided on the approved plans for landscaping.

Section 22. Mailboxes. No mailboxes shall be permitted in the Properties unless and until approved by the ARB, and subject to such requirements as may be imposed by the ARB.

Section 23. Changes to Development Plan or Development Order. No Owner shall seek directly or indirectly to change or amend any aspect of the Development Plan or the Ocean Hammock Development Order which such change or amendment would in any manner affect

any part of the lands included in the Development Plan, including but not limited to any change in permitted density of development, permitted land use, stormwater drainage requirements or otherwise, without the prior written consent of Declarant for so long as Declarant owns any lands included in the Development Plan, which consent may be granted or denied by Declarant at its sole discretion.

Section 24. Clotheslines. No clotheslines shall be permitted in the Properties. No clothing, rugs, or other unsightly or inappropriate item may be hung on any railing, fence, hedge, or wall.

Section 25. Play Structures and Yard Accessories. All yard accessories and play structures, including basketball backboards and any other fixed games, shall be located at the side or rear of the residential structure, or to the rear of the residences on corner Lots, within the set back lines.

Section 26. Trees. Unless located under or within ten (10) feet of a permitted improvement, no Owner, other than Declarant, may cut, remove, or mutilate any trees, shrubs, bushes, or other vegetation having a trunk diameter of six (6) inches or more at a point of four and one-half (4 1/2) feet above the ground level, or other significant vegetation as designated from time to time by the ARB, without obtaining the prior approval of the ARB; provided, however, that dead or diseased trees or other designated significant vegetation which are inspected and certified as dead or diseased by the ARB shall be removed promptly from any property by the Owner thereof. In the event of conflict between the provisions of this Section 26 and any laws pertaining to cutting and removal of trees and vegetation, the more restrictive of the two shall apply.

Section 27. Sidewalks. There shall be constructed upon each Lot in accordance with the applicable regulations of the governmental agency or agencies with jurisdiction, at the expense of the Owner thereof, a sidewalk in front of the Lot, and on the side if the Lot is a corner Lot, on or before the earlier of completion of construction or occupancy of the dwelling on that Lot.

Section 28. Garages. Each single family Residential Unit shall include a garage (minimum size twenty-two feet (22') by twenty-four feet (24')). No garage shall be converted to living area without prior ARB approval.

Section 29. Fences. No fences shall be erected without prior ARB approval. No chain link fences shall be permitted.

Section 30. Lights. The design and location of all exterior lighting fixtures shall be subject to the approval of the ARB. Neither those lighting fixtures nor any other illumination devices, including, but not limited to, Christmas lighting displays and ornaments, located anywhere on the structures or grounds of any property shall be located, directed, or of such intensity to affect adversely, in the sole discretion of the ARB, the night-time environment of any adjoining property.

Section 31. Security Systems. In the event that either Declarant or the Association shall install a central security system within the Properties, or in the event Declarant grants to a third-party supplier the right to install same, with the capability of providing security services to each Residential Unit within the Properties, then no Owner shall be entitled to install or maintain any alternative security systems within a Dwelling other than security systems which are appurtenant to and connected with such central security system, without obtaining the prior written consent and approval of the Declarant, or the Board.

ARTICLE XI

AMENDMENT

Section 1. Amendments by Owners. Except as to provisions relating to amendments set forth herein regarding certain specific items and the method amending or altering same, any other provisions, covenants, or restrictions set forth herein may be amended in accordance with this provision. The holders of at least two-thirds (2/3) of the votes in the Association, without regard to class may change or amend any provision hereof (1) by executing a written instrument in recordable form setting forth such amendment, or (2) by causing a certified copy of a duly adopted resolution of the Public Records of Flagler County, Florida. A proposed amendment may be initiated by Declarant, the Association, or by petition signed by ten percent (10%) of the Owners. If a proposed amendment is to be adopted by vote, a written copy of the proposed amendment shall be furnished to each Owner at least thirty (30) days but not more than ninety (90) days prior to the meeting to discuss the proposed amendment. If adopted by vote, affirmative vote required for adoption shall be two thirds (2/3) of the votes of the Members (without regard to class) who shall be present in person or by proxy at a meeting duly called, and the recorded certificate shall contain a recitation that notice was given as above set forth and said recitation shall be conclusive as to all parties, and all parties of any nature whatsoever shall have full right to rely upon said recitation in such recorded certificate. The amendment shall be effective upon recordation of the executed amendment or the certified copy of the duly adopted resolution among the Public Records or Flagler County.

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

- (a) directly or indirectly by its provisions or in practical application relates to Declarant in a manner different from the manner in which it relates to other Owners.
- (b) modifies the definitions provided for by Article I of this Master Declaration in a manner which alters Declarant's rights or status.
- (c) modifies or repeals any provision of Article II of this Master Declaration.

(d) alters the character and rights of membership as provided for by Article III of this Declaration or affects or modifies in any manner whatsoever the rights of Declarant as a Member of the Association.

(e) alters any previously recorded or written agreement with any public or quasi-public agencies, utility company, political subdivisions, public authorities, or other similar agencies or bodies, respecting zoning, streets, roads, drives, easements, or facilities.

(f) denies the right of Declarant to convey to the Association Common Property or Village Common Property.

(g) modifies the basis or manner of assessment as applicable to Declarant or any lands owned by Declarant.

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

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

purchaser of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on any of the Properties, or (d) if any such amendment is necessary to enable any governmental agency or reputable private insurance company to insure Mortgages on any of the Properties.

ARTICLE XII

PARTY WALLS OR PARTY FENCES

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

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

Section 2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall or party fence shall be shared equally by the Owners who make use of the wall or fence in proportion to such use.

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

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

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

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

ARTICLE XIII

COVENANTS COMMITTEE

Section 1. Committee. The Board shall appoint a Covenants Committee consisting of at least three (3) and no more than seven (7) members. Acting in accordance with the provisions of this Master Declaration, the Bylaws, and any resolutions the Board may adopt, the Covenants Committee shall be the hearing tribunal of the Association relative to alleged infractions of this Declaration, the Bylaws, and the rules and regulations of the Association. Subject to compliance with the provisions of Section 2 hereof, upon the violation of this Declaration, the Bylaws, or any rules and regulations duly adopted hereunder, the Board shall have the power (i) to impose reasonable monetary fines (not exceeding Fifty and No/100 Dollars (\$50.00) per violation) which shall constitute an equitable charge and a continuing lien upon the Residential Unit, the Owners, occupants, or guests of which are guilty of such violation, (ii) to suspend an Owner's right (and the right of such Owner's family, guests, and tenants and of the co-Owners of such Owner and their respective families, guests, and tenants) to use any of the Common Property and Village Common Property, or (iii) to impose all or any combination of these sanctions. An Owner shall be subject to the foregoing sanctions in the event of such a violation by such Owner, his family, guests, or tenants or by his co-Owners or the family, guests, or tenants of his co-Owners. Notwithstanding anything herein, however, an Owner's access to its property over private roads and streets constituting Common Property or Village Common Property, if any, will not be terminated hereunder. Any suspension of rights hereunder may be for the duration of the infraction and for any additional period thereafter, not to exceed thirty (30) days.

Section 2. Hearing Procedure. The Board shall not impose a fine, suspend voting, or infringe upon any other rights of a Member or other occupant of the Properties for violations of this Declaration, the Bylaws, or the rules and regulations unless and until the following procedure is followed:

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

- (i) the alleged violation;
- (ii) the action required to abate the violation; and
- (iii) a time period of not less than ten (10) days, during which the violation may be abated without further sanction, if such violation is a continuing one, or if the

violation is not a continuing one, a statement that any further violation of the same provision of this Declaration, the Bylaws, or rules and regulations of the Association may result in the imposition of sanctions after notice and hearing.

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

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

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

ARTICLE XIV

DURATION AND TERMINATION

The reservations, covenants, conditions, restrictions, easements, charges and liens of this Master Declaration and of each Supplemental Declaration incorporating Additional Properties shall run with and bind the title to the Properties, and shall inure to the benefit of, be enforceable by, and bind Declarant, the Association and each Owner, their respective legal representatives, heirs, successors and assigns, for a term of thirty (30) years from the date this Master Declaration is recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years. This Declaration may be terminated at any time by recordation of an instrument signed by the then holder of eighty percent (80%) of the votes in the Association and their first mortgagees agreeing to terminate said covenants and restrictions.

ARTICLE XVENFORCEMENT

Section 1. Remedies. If any person or entity shall violate or attempt to violate any of these covenants or restrictions, it shall be lawful for Declarant, any Owner or the Association (a) to prosecute proceedings for the recovery of damages against those so violating or attempting to violate any such covenant or restriction, or (b) to maintain a proceeding in any court of competent jurisdiction against those so violating or attempting to violate any such covenant or restriction, for the purpose of preventing, or enjoining all or any such violations or attempted violations. The remedies contained in this provision shall be construed as cumulative of all other remedies now or hereafter provided by law or this Master Declaration. The failure of Declarant, its successors or assigns, or the Association or an Owner, to enforce any covenant or restriction or any obligation, right, power, privilege, authority or reservation herein contained, however long continued, shall in no event be deemed a waiver of the right to enforce the same thereafter as to the same breach or violation, or as to any other breach or violation thereof occurring prior to or subsequent thereto. Should Declarant or the Association employ legal counsel to enforce any of the foregoing, all costs incurred in such enforcement, including court costs and reasonable attorneys' fees, shall be paid by the prevailing party. Inasmuch as the enforcement of the provisions of this Declaration, the Bylaws, and the rules and regulations of the Association are essential for the effectuation of the general plan of development contemplated hereby and for the protection of present and future Owners, it is hereby declared that any breach thereof may not adequately be compensated by recovery of damages, and that Declarant, the Association, or any aggrieved Owner, in addition to all other remedies, may require and shall be entitled to the remedy of injunction to restrain any such violation or breach or any threatened violation or breach. No right of action shall accrue nor shall any action be brought or maintained by anyone whatsoever against Declarant or the Association for or on account of any failure to bring any action on account of any violation or breach, of the provisions of this Declaration, the Bylaws, or any rules and regulations of the Association by any person, however long continued.

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

ARTICLE XVIGOLF COURSE PROPERTY

Section 1. Golf Course Property. Notwithstanding anything to the contrary set forth in or which may otherwise be implied from this Declaration, the Articles, the Bylaws or the Rules and Regulations of the Association, neither membership in the Association nor ownership of any Residential Unit in the Properties shall grant or convey any interest in or right to use any of the Golf Course Property. The right or privilege to use the Golf Course Property shall be determined in the sole and absolute discretion of owner and/or operator of such Golf Course Property, subject to the terms, conditions and rules enacted from time to time by the owner and/or operator thereof, subject to any fees and charges imposed from time to time by such owner or operator, and subject to availability. Ownership of any Residential Unit or membership in the Association does not create, grant or convey any vested right or easement, prescriptive or otherwise, to use or to continue to use the Golf Course Property or the facilities at this or any time, unless approved by the owner and/or operator as set forth above. The owner and/or operator of the Golf Course Property has the exclusive right to determine from time to time, in its sole discretion and without notice or approval of any change, how and by whom these facilities shall be used, including (without limitation) making these facilities available for use by members of the general public. By way of example, but not limitation, the owner and/or operator of the Golf Course Property shall have the right to approve users and determine eligibility for use, to reserve use rights, to terminate any or all use rights, to change, eliminate or cease operation of any or all of the facilities, to transfer any or all of the Golf Course Property or the operation thereof to anyone (including without limitation a member-owned or equity club) and on any terms, to limit the availability of use privileges, and to require the payment of a purchase price, membership contribution, initiation fee, membership deposit, dues, use charges and other charges for use privileges.

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

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

ARTICLE XVIIMISCELLANEOUS

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

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

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

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

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

Signed, sealed and delivered
in the presence of:

LOWE OCEAN HAMMOCK, LTD.

By: LOWE/OCEAN HAMMOCK, INC.,
a Florida corporation, its General
Partner

Tracey A Childs
Name: Tracey A. Childs

By: Edward R. Ginn III
Name: Edward R. Ginn, III
Title: Vice President

Becky Napier
Name: Becky Napier

STATE OF FLORIDA)
) SS:
COUNTY OF FLAGLER)

The foregoing Master Declaration of Covenants, Conditions and Restrictions for Ocean Hammock was acknowledged before me this 14th day of April, 1997 by Edward R. Ginn, III, the Vice President of Lowe/Ocean Hammock, Inc., which corporation is the General Partner of Lowe Ocean Hammock, Ltd., on behalf of the corporation and limited partnership. He is personally known to me or produced _____ as identification.

Donna M. Banks
Signature of Notary Public

DONNA M. BANKS
Printed Name of Notary Public
Notary Public, State of FLORIDA
Commission Number: CC 528394
Commission Expires: Jan. 29, 2000



DONNA M. BANKS
Notary Public, State of Florida
My Comm. Exp. Jan. 29, 2000
Comm. No. CC 528394

SCHEDULE OF EXHIBITS:

OFF REC 0580 PAGE 0054

<u>Exhibit</u>	<u>Document</u>
A	Legal description of the Overall Property
B	Articles of Incorporation of Association
C	Bylaws of Association

This Document prepared by
and after recording return to:

Peter J. Fides, II, Esq.
Greenberg Traurig Hoffman
Lipoff Rosen & Quentel, P.A.
111 North Orange Avenue, Twentieth Floor
Orlando, Florida 32801

EXHIBIT A

LEGAL DESCRIPTION OF THE OVERALL PROPERTY

TRACT A

A PART OF SECTION 33, TOWNSHIP 10 SOUTH, RANGE 31 EAST, FLAGLER COUNTY, FLORIDA, MORE PARTICULARLY DESCRIBED AS FOLLOWS: FOR A POINT OF REFERENCE, COMMENCE AT THE INTERSECTION OF THE SOUTHERLY RIGHT-OF-WAY LINE OF 16TH ROAD (AN 80 FOOT RIGHT-OF-WAY AS NOW ESTABLISHED) WITH THE EASTERLY RIGHT-OF-WAY LINE OF STATE ROAD A1A (A 100 FOOT RIGHT-OF-WAY AS NOW ESTABLISHED); THENCE SOUTH 18/49'00" EAST ALONG SAID EASTERLY RIGHT-OF-WAY LINE, A DISTANCE OF 3471.20 FEET TO THE POINT OF CURVE OF A CURVE, CONCAVE NORTHEASTERLY HAVING A RADIUS OF 1860.08 FEET; THENCE SOUTHEASTERLY CONTINUING ALONG SAID EASTERLY RIGHT-OF-WAY LINE AND ALONG THE ARC OF SAID CURVE, AN ARC DISTANCE OF 244.31 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING OF SOUTH 22/34'46" EAST AND A CHORD DISTANCE OF 244.13 FEET TO A POINT ON SAID CURVE; THENCE NORTH 71/11'00" EAST LEAVING SAID EASTERLY RIGHT-OF-WAY LINE, A DISTANCE OF 1290.25 FEET; THENCE SOUTH 19/50'00" EAST, A DISTANCE OF 587.16 FEET TO THE POINT OF BEGINNING; THENCE NORTH 70/10'00" EAST, A DISTANCE OF 150.00 FEET; THENCE NORTH 71/16'17" EAST, A DISTANCE OF 418.05 FEET TO A POINT ON A CURVE, CONCAVE SOUTHERLY HAVING A RADIUS OF 749.99 FEET; THENCE EASTERLY ALONG THE ARC OF SAID CURVE, AN ARC DISTANCE OF 370.26 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING OF NORTH 82/40'19" EAST AND A CHORD DISTANCE OF 366.51 FEET TO THE POINT OF TANGENCY OF SAID CURVE; THENCE SOUTH 83/11'08" EAST, A DISTANCE OF 230.62 FEET TO THE POINT OF CURVE OF A CURVE, CONCAVE NORTHWESTERLY HAVING A RADIUS OF 350.00 FEET; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE, AN ARC DISTANCE OF 633.78 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING OF NORTH 44/56'24" EAST AND A CHORD DISTANCE OF 550.67 FEET TO THE POINT OF COMPOUND CURVE OF A CURVE, CONCAVE WESTERLY HAVING A RADIUS OF 2052.17 FEET; THENCE NORTHERLY ALONG THE ARC OF SAID CURVE, AN ARC DISTANCE OF 474.48 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING OF NORTH 13/33'30" WEST AND A CHORD DISTANCE OF 473.43 FEET TO THE POINT OF TANGENCY OF SAID CURVE; THENCE NORTH 20/10'55" WEST, A DISTANCE OF 433.94 FEET TO THE POINT OF CURVE OF A CURVE, CONCAVE EASTERLY HAVING A RADIUS OF 250.00 FEET; THENCE NORTHERLY ALONG THE ARC OF SAID CURVE, AN ARC DISTANCE OF 196.35 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING OF NORTH 02/19'05" EAST AND A CHORD DISTANCE OF 191.34 FEET TO THE POINT OF TANGENCY OF SAID CURVE; THENCE NORTH 24/49'05" EAST, A DISTANCE OF 281.96 FEET; THENCE NORTH 73/34'01" EAST ALONG A LINE TO ITS INTERSECTION WITH THE MEAN HIGH WATER LINE OF THE ATLANTIC OCEAN BY SURVEY DATED SEPTEMBER 10, 1996, A DISTANCE OF 886.12 FEET; THENCE ALONG SAID MEAN HIGH WATER LINE RUN THE FOLLOWING THE FORTY-NINE COURSES: COURSE NO. 1) SOUTH 18/38'14"

EAST, A DISTANCE OF 61.52 FEET; COURSE NO. 2) SOUTH 19/13'54" EAST, A DISTANCE OF 98.67 FEET; COURSE NO. 3) SOUTH 20/14'28" EAST, A DISTANCE OF 94.12 FEET; COURSE NO. 4) SOUTH 19/26'47" EAST, A DISTANCE OF 112.34 FEET; COURSE NO. 5) SOUTH 22/02'17" EAST, A DISTANCE OF 93.85 FEET; COURSE NO. 6) SOUTH 20/52'51" EAST, A DISTANCE OF 104.47 FEET; COURSE NO. 7) SOUTH 18/13'17" EAST, A DISTANCE OF 96.43 FEET; COURSE NO. 8) SOUTH 18/02'15" EAST, A DISTANCE OF 97.09 FEET; COURSE NO. 9) SOUTH 18/35'50" EAST, A DISTANCE OF 100.41 FEET; COURSE NO. 10) SOUTH 18/32'17" EAST, A DISTANCE OF 103.95 FEET; COURSE NO. 11) SOUTH 17/30'38" EAST, A DISTANCE OF 98.32 FEET; COURSE NO. 12) SOUTH 17/11'01" EAST, A DISTANCE OF 95.44 FEET; COURSE NO. 13) SOUTH 19/54'35" EAST, A DISTANCE OF 99.54 FEET; COURSE NO. 14) SOUTH 21/09'34" EAST, A DISTANCE OF 103.48 FEET; COURSE NO. 15) SOUTH 24/48'54" EAST, A DISTANCE OF 94.33 FEET; COURSE NO. 16) SOUTH 20/39'04" EAST, A DISTANCE OF 103.37 FEET; COURSE NO. 17) SOUTH 23/24'22" EAST, A DISTANCE OF 104.45 FEET; COURSE NO. 18) SOUTH 22/26'18" EAST, A DISTANCE OF 92.41 FEET; COURSE NO. 19) SOUTH 22/23'36" EAST, A DISTANCE OF 93.02 FEET; COURSE NO. 20) SOUTH 16/57'03" EAST, A DISTANCE OF 100.91 FEET; COURSE NO. 21) SOUTH 20/51'32" EAST, A DISTANCE OF 102.30 FEET; COURSE NO. 22) SOUTH 20/12'48" EAST, A DISTANCE OF 91.46 FEET; COURSE NO. 23) SOUTH 18/37'37" EAST, A DISTANCE OF 102.65 FEET; COURSE NO. 24) SOUTH 19/52'45" EAST, A DISTANCE OF 97.87 FEET; COURSE NO. 25) SOUTH 18/49'49" EAST, A DISTANCE OF 99.16 FEET; COURSE NO. 26) SOUTH 13/55'02" EAST, A DISTANCE OF 96.64 FEET; COURSE NO. 27) SOUTH 20/04'22" EAST, A DISTANCE OF 95.26 FEET; COURSE NO. 28) SOUTH 16/11'39" EAST, A DISTANCE OF 99.10 FEET; COURSE NO. 29) SOUTH 18/30'31" EAST, A DISTANCE OF 94.57 FEET; COURSE NO. 30) SOUTH 22/02'48" EAST, A DISTANCE OF 93.72 FEET; COURSE NO. 31) SOUTH 20/39'55" EAST, A DISTANCE OF 99.11 FEET; COURSE NO. 32) SOUTH 18/39'07" EAST, A DISTANCE OF 96.44 FEET; COURSE NO. 33) SOUTH 21/38'49" EAST, A DISTANCE OF 96.33 FEET; COURSE NO. 34) SOUTH 22/04'10" EAST, A DISTANCE OF 94.77 FEET; COURSE NO. 35) SOUTH 20/28'20" EAST, A DISTANCE OF 100.36 FEET; COURSE NO. 36) SOUTH 21/42'48" EAST, A DISTANCE OF 105.76 FEET; COURSE NO. 37) SOUTH 20/37'29" EAST, A DISTANCE OF 101.25 FEET; COURSE NO. 38) SOUTH 20/10'00" EAST, A DISTANCE OF 101.49 FEET; COURSE NO. 39) SOUTH 17/42'13" EAST, A DISTANCE OF 103.16 FEET; COURSE NO. 40) SOUTH 16/53'34" EAST, A DISTANCE OF 101.22 FEET; COURSE NO. 41) SOUTH 20/34'22" EAST, A DISTANCE OF 102.69 FEET; COURSE NO. 42) SOUTH 22/46'21" EAST, A DISTANCE OF 102.07 FEET; COURSE NO. 43) SOUTH 22/27'15" EAST, A DISTANCE OF 103.22 FEET; COURSE NO. 44) SOUTH 24/38'55" EAST, A DISTANCE OF 107.39 FEET; COURSE NO. 45) SOUTH 21/46'55" EAST, A DISTANCE OF 108.39 FEET; COURSE NO. 46) SOUTH 20/52'26" EAST, A DISTANCE OF 108.59 FEET; COURSE NO. 47) SOUTH 19/22'05" EAST, A DISTANCE OF 105.31 FEET; COURSE NO. 48) SOUTH 21/04'51" EAST, A DISTANCE OF 110.14 FEET; COURSE NO. 49) SOUTH 23/29'17" EAST, A DISTANCE OF 19.73 FEET TO A POINT ON THE NORTHERLY LINE OF A COUNTY PARK; THENCE SOUTH 89/19'02" WEST LEAVING SAID MEAN HIGH WATER LINE AND ALONG SAID NORTHERLY LINE, A DISTANCE OF 455.49 FEET; THENCE SOUTH 44/19'02" WEST ALONG A NORTHWESTERLY LINE OF SAID COUNTY PARK, A DISTANCE OF 137.54 FEET; THENCE SOUTH 00/40'58" EAST ALONG THE WESTERLY LINE OF SAID COUNTY PARK TO ITS INTERSECTION WITH

THE NORTHERLY RIGHT-OF-WAY LINE OF JUNGLE HUT ROAD (AN 80 FOOT RIGHT-OF-WAY AS NOW ESTABLISHED), A DISTANCE OF 88.99 FEET; THENCE SOUTH 89/19'02" WEST ALONG SAID NORTHERLY RIGHT-OF-WAY LINE, A DISTANCE OF 1495.64 FEET; THENCE NORTH 03/56'26" EAST, A DISTANCE OF 574.51 FEET; THENCE NORTH 42/39'02" WEST, A DISTANCE OF 1054.67 FEET; THENCE SOUTH 62/59'42" WEST, A DISTANCE OF 535.82 FEET TO A NORTHERLY CORNER OF THOSE LANDS DESCRIBED IN OFFICIAL RECORDS BOOK 407, PAGE 451 OF THE PUBLIC RECORDS OF SAID COUNTY; THENCE SOUTH 70/10'00" WEST ALONG THE NORTHERLY LINE OF SAID LANDS, TO THE NORTHWESTERLY CORNER THEREOF, A DISTANCE OF 152.00 FEET; THENCE NORTH 19/50'00" WEST, A DISTANCE OF 1584.19 FEET TO THE POINT OF BEGINNING.

TOGETHER WITH THE FOLLOWING DESCRIBED PROPERTY:

SPINE ROAD SOUTH PARCEL

A PART OF SECTION 38, TOWNSHIP 11 SOUTH, RANGE 31 EAST, FLAGLER COUNTY, FLORIDA, MORE PARTICULARLY DESCRIBED AS FOLLOWS: FOR A POINT OF REFERENCE, COMMENCE AT THE INTERSECTION OF THE SOUTHERLY RIGHT-OF-WAY LINE OF 16TH ROAD (A 80 FOOT RIGHT-OF-WAY AS NOW ESTABLISHED) WITH THE EASTERLY RIGHT-OF-WAY LINE OF STATE ROAD A1A (A 100 FOOT RIGHT-OF-WAY AS NOW ESTABLISHED); THENCE SOUTH 18/49'00" EAST ALONG SAID EASTERLY RIGHT-OF-WAY LINE, A DISTANCE OF 3471.20 FEET TO THE POINT OF CURVE OF A CURVE, CONCAVE NORTHEASTERLY HAVING A RADIUS OF 1860.08 FEET; THENCE SOUTHEASTERLY CONTINUING ALONG SAID EASTERLY RIGHT-OF-WAY LINE AND ALONG THE ARC OF SAID CURVE, AN ARC DISTANCE OF 244.31 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING OF SOUTH 22/34'46" EAST AND A CHORD DISTANCE OF 244.13 FEET TO A POINT ON SAID CURVE; THENCE NORTH 71/11'00" EAST LEAVING SAID EASTERLY RIGHT-OF-WAY LINE, A DISTANCE OF 1290.25 FEET; THENCE SOUTH 19/50'00" EAST ALONG A LINE TO ITS INTERSECTION WITH THE SOUTHERLY RIGHT-OF-WAY LINE OF JUNGLE HUT ROAD (AN 80 FOOT RIGHT-OF-WAY AS NOW ESTABLISHED), A DISTANCE OF 3388.04 FEET; THENCE NORTH 89/19'02" EAST ALONG SAID SOUTHERLY RIGHT-OF-WAY LINE, A DISTANCE OF 37.05 FEET TO THE POINT OF BEGINNING; THENCE CONTINUE NORTH 89/19'02" EAST ALONG SAID SOUTHERLY RIGHT-OF-WAY LINE, A DISTANCE OF 121.74 FEET; THENCE SOUTH 19/50'00" EAST LEAVING SAID SOUTHERLY RIGHT-OF-WAY LINE, A DISTANCE OF 352.89 FEET TO THE POINT OF CURVE OF A CURVE, CONCAVE SOUTHWESTERLY HAVING A RADIUS OF 2398.18 FEET; THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE, AN ARC DISTANCE OF 366.26 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING OF SOUTH 15/27'30" EAST AND A CHORD DISTANCE OF 365.90 FEET TO THE POINT OF TANGENCY OF SAID CURVE; THENCE SOUTH 11/04'59" EAST, A DISTANCE OF 954.90 FEET TO THE POINT OF CURVE OF A CURVE, CONCAVE NORTHEASTERLY HAVING A RADIUS OF 535.00 FEET; THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE, AN ARC DISTANCE OF 225.74 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING OF SOUTH 23/10'15" EAST AND A CHORD DISTANCE OF 224.07

FEET TO THE POINT OF TANGENCY OF SAID CURVE; THENCE SOUTH 35/15'32" EAST, A DISTANCE OF 143.71 FEET TO THE POINT OF CURVE OF A CURVE, CONCAVE WESTERLY HAVING A RADIUS OF 465.00 FEET; THENCE SOUTHERLY ALONG THE ARC OF SAID CURVE, AN ARC DISTANCE OF 438.68 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING OF SOUTH 08/13'59" EAST AND A CHORD DISTANCE OF 422.59 FEET TO THE POINT OF COMPOUND CURVE OF A CURVE, CONCAVE NORTHWESTERLY HAVING A RADIUS OF 1492.39 FEET; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE, AN ARC DISTANCE OF 80.96 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING OF SOUTH 20/20'52" WEST AND A CHORD DISTANCE OF 80.95 FEET TO THE END OF SAID CURVE; THENCE NORTH 68/05'53" WEST, A DISTANCE OF 115.00 FEET TO THE BEGINNING OF A CURVE, CONCAVE NORTHWESTERLY HAVING A RADIUS OF 1377.39 FEET; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE AN ARC DISTANCE OF 74.72 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING OF NORTH 20/20'52" EAST AND A CHORD DISTANCE OF 74.71 FEET TO THE POINT OF COMPOUND CURVE OF A CURVE, CONCAVE WESTERLY HAVING A RADIUS OF 350.00 FEET; THENCE NORTHERLY ALONG THE ARC OF SAID CURVE, AN ARC DISTANCE OF 330.19 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING OF NORTH 08/13'59" WEST AND A CHORD DISTANCE OF 318.08 FEET TO THE POINT OF TANGENCY OF SAID CURVE; THENCE NORTH 35/15'32" WEST, A DISTANCE OF 143.71 FEET TO THE POINT OF CURVE OF A CURVE, CONCAVE NORTHEASTERLY HAVING A RADIUS OF 650.00 FEET; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE, AN ARC DISTANCE OF 274.27 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING OF NORTH 23/10'15" WEST AND A CHORD DISTANCE OF 272.24 FEET TO THE POINT OF TANGENCY OF SAID CURVE; THENCE NORTH 11/04'59" WEST, A DISTANCE OF 954.90 FEET TO THE POINT OF CURVE OF A CURVE, CONCAVE SOUTHWESTERLY HAVING A RADIUS OF 2283.18 FEET; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE, AN ARC DISTANCE OF 348.69 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING OF NORTH 15/27'30" WEST AND A CHORD DISTANCE OF 348.35 FEET TO THE POINT OF TANGENCY OF SAID CURVE; THENCE NORTH 19/50'00" WEST, A DISTANCE OF 392.82 FEET TO THE POINT OF BEGINNING.

LESS AND EXCEPT THE FOLLOWING DESCRIBED PROPERTY:

DEVELOPMENT PARCEL B

A PART OF SECTION 33, TOWNSHIP 10 SOUTH, RANGE 31 EAST, FLAGLER COUNTY, FLORIDA, MORE PARTICULARLY DESCRIBED AS FOLLOWS: FOR A POINT OF REFERENCE, COMMENCE AT THE INTERSECTION OF THE SOUTHERLY RIGHT-OF-WAY LINE OF 16TH ROAD (AN 80 FOOT RIGHT-OF-WAY AS NOW ESTABLISHED) WITH THE EASTERLY RIGHT-OF-WAY LINE OF STATE ROAD A1A (A 100 FOOT RIGHT-OF-WAY AS NOW ESTABLISHED); THENCE SOUTH 18/49'00" EAST ALONG SAID EASTERLY RIGHT-OF-WAY LINE, A DISTANCE OF 3471.20 FEET TO THE POINT OF CURVE OF A CURVE, CONCAVE NORTHEASTERLY HAVING A RADIUS OF 1860.08 FEET; THENCE SOUTHEASTERLY CONTINUING ALONG SAID EASTERLY

RIGHT-OF-WAY LINE AND ALONG THE ARC OF SAID CURVE, AN ARC DISTANCE OF 244.31 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING OF SOUTH 22/34'46" EAST AND A CHORD DISTANCE OF 244.13 FEET TO A POINT ON SAID CURVE; THENCE NORTH 71/11'00" EAST LEAVING SAID EASTERLY RIGHT-OF-WAY LINE, A DISTANCE OF 1290.25 FEET; THENCE SOUTH 19/50'00" EAST, A DISTANCE OF 797.51 FEET; THENCE NORTH 70/10'00" EAST, A DISTANCE OF 1561.77 FEET TO THE POINT OF BEGINNING, SAID POINT LYING ON A CURVE, CONCAVE WESTERLY HAVING A RADIUS OF 430.00 FEET; THENCE NORTHERLY ALONG THE ARC OF SAID CURVE, AN ARC DISTANCE OF 240.17 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING OF NORTH 14/46'30" EAST AND A CHORD DISTANCE OF 237.06 FEET TO A POINT ON SAID CURVE; THENCE NORTH 82/32'30" EAST, A DISTANCE OF 608.23 FEET; THENCE SOUTH 12/11'28" EAST, A DISTANCE OF 282.16 FEET; THENCE SOUTH 24/29'11" EAST, A DISTANCE OF 77.04 FEET; THENCE SOUTH 10/16'26" EAST, A DISTANCE OF 132.55 FEET; THENCE SOUTH 36/22'06" EAST, A DISTANCE OF 47.12 FEET; THENCE SOUTH 00/52'55" EAST, A DISTANCE OF 118.25 FEET; THENCE SOUTH 13/37'08" EAST, A DISTANCE OF 103.46 FEET; THENCE SOUTH 17/17'06" EAST, A DISTANCE OF 9.04 FEET; THENCE NORTH 62/34'35" WEST, A DISTANCE OF 941.28 FEET TO THE POINT OF BEGINNING.

ALSO LESS AND EXCEPT THE FOLLOWING DESCRIBED PROPERTY:

GOLF COURSE PARCEL A1

A PART OF SECTION 33, TOWNSHIP 10 SOUTH, RANGE 31 EAST, FLAGLER COUNTY, FLORIDA, MORE PARTICULARLY DESCRIBED AS FOLLOWS: FOR A POINT OF REFERENCE, COMMENCE AT THE INTERSECTION OF THE SOUTHERLY RIGHT-OF-WAY LINE OF 16TH ROAD (AN 80 FOOT RIGHT-OF-WAY AS NOW ESTABLISHED) WITH THE EASTERLY RIGHT-OF-WAY LINE OF STATE ROAD A1A (A 100 FOOT RIGHT-OF-WAY AS NOW ESTABLISHED); THENCE SOUTH 18/49'00" EAST ALONG SAID EASTERLY RIGHT-OF-WAY LINE, A DISTANCE OF 3471.20 FEET TO THE POINT OF CURVE OF A CURVE, CONCAVE NORTHEASTERLY HAVING A RADIUS OF 1860.08 FEET; THENCE SOUTHEASTERLY CONTINUING ALONG SAID EASTERLY RIGHT-OF-WAY LINE AND ALONG THE ARC OF SAID CURVE, AN ARC DISTANCE OF 244.31 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING OF SOUTH 22/34'46" EAST AND A CHORD DISTANCE OF 244.13 FEET TO A POINT ON SAID CURVE; THENCE NORTH 71/11'00" EAST LEAVING SAID EASTERLY RIGHT-OF-WAY LINE, A DISTANCE OF 1290.25 FEET; THENCE SOUTH 19/50'00" EAST, A DISTANCE OF 707.21 FEET; THENCE NORTH 70/10'00" EAST, A DISTANCE OF 150.00 FEET TO THE POINT OF BEGINNING; THENCE NORTH 65/48'53" EAST, A DISTANCE OF 373.49 FEET; THENCE SOUTH 17/36'24" EAST, A DISTANCE OF 612.06 FEET; THENCE SOUTH 04/58'02" EAST, A DISTANCE OF 210.60 FEET TO THE POINT OF CURVE OF A CURVE, CONCAVE NORTHEASTERLY HAVING A RADIUS OF 90.00 FEET; THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE, AN ARC DISTANCE OF 167.52 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING OF SOUTH 58/17'25" EAST AND A CHORD DISTANCE OF 144.36 FEET TO THE POINT OF REVERSE CURVE OF A CURVE, CONCAVE SOUTHERLY HAVING A RADIUS OF 175.00 FEET; THENCE

EASTERLY ALONG THE ARC OF SAID CURVE, AN ARC DISTANCE OF 140.90 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING OF SOUTH 88/32'48" EAST AND A CHORD DISTANCE OF 137.12 FEET TO THE POINT OF TANGENCY OF SAID CURVE; THENCE SOUTH 65/28'55" EAST, A DISTANCE OF 550.36 FEET; THENCE SOUTH 28/35'38" EAST, A DISTANCE OF 654.25 FEET TO THE POINT OF CURVE OF A CURVE, CONCAVE NORTHEASTERLY HAVING A RADIUS OF 90.00 FEET; THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE, AN ARC DISTANCE OF 159.13 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING OF SOUTH 79/14'49" EAST AND A CHORD DISTANCE OF 139.20 FEET TO THE POINT OF TANGENCY OF SAID CURVE; THENCE NORTH 50/06'03" EAST, A DISTANCE OF 362.22 FEET; THENCE NORTH 20/06'06" WEST, A DISTANCE OF 36.49 FEET TO A POINT ON A CURVE, CONCAVE NORTHWESTERLY HAVING A RADIUS OF 530.00 FEET; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE, AN ARC DISTANCE OF 101.12 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING OF NORTH 75/59'54" EAST AND A CHORD DISTANCE OF 100.97 FEET TO A POINT ON SAID CURVE; THENCE SOUTH 20/06'13" EAST, A DISTANCE OF 128.40 FEET; THENCE SOUTH 26/12'11" WEST, A DISTANCE OF 504.61 FEET; THENCE SOUTH 45/46'08" WEST, A DISTANCE OF 363.82 FEET; THENCE NORTH 03/56'26" EAST, A DISTANCE OF 175.82 FEET; THENCE NORTH 42/39'02" WEST, A DISTANCE OF 1054.67 FEET; THENCE SOUTH 62/59'42" WEST, A DISTANCE OF 535.82 FEET TO A NORTHERLY CORNER OF THOSE LANDS DESCRIBED IN OFFICIAL RECORDS BOOK 407, PAGE 451 OF THE PUBLIC RECORDS OF SAID COUNTY; THENCE SOUTH 70/10'00" WEST ALONG A NORTHERLY LINE OF SAID LANDS, A DISTANCE OF 2.00 FEET; THENCE NORTH 19/50'00" WEST LEAVING SAID NORTHERLY LINE, A DISTANCE OF 1464.14 FEET TO THE POINT OF BEGINNING.

ALSO LESS AND EXCEPT THE FOLLOWING DESCRIBED PROPERTY:

GOLF COURSE PARCEL A2

A PART OF SECTION 33, TOWNSHIP 10 SOUTH, RANGE 31 EAST, FLAGLER COUNTY, FLORIDA, MORE PARTICULARLY DESCRIBED AS FOLLOWS: FOR A POINT OF REFERENCE, COMMENCE AT THE INTERSECTION OF THE SOUTHERLY RIGHT-OF-WAY LINE OF 16TH ROAD (AN 80 FOOT RIGHT-OF-WAY AS NOW ESTABLISHED) WITH THE EASTERLY RIGHT-OF-WAY LINE OF STATE ROAD A1A (A 100 FOOT RIGHT-OF-WAY AS NOW ESTABLISHED); THENCE SOUTH 18/49'00" EAST ALONG SAID EASTERLY RIGHT-OF-WAY LINE, A DISTANCE OF 3471.20 FEET TO THE POINT OF CURVE OF A CURVE, CONCAVE NORTHEASTERLY HAVING A RADIUS OF 1860.08 FEET; THENCE SOUTHEASTERLY CONTINUING ALONG SAID EASTERLY RIGHT-OF-WAY LINE AND ALONG THE ARC OF SAID CURVE, AN ARC DISTANCE OF 244.31 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING OF SOUTH 22/34'46" EAST AND A CHORD DISTANCE OF 244.13 FEET TO A POINT ON SAID CURVE; THENCE NORTH 71/11'00" EAST LEAVING SAID EASTERLY RIGHT-OF-WAY LINE, A DISTANCE OF 1290.25 FEET; THENCE SOUTH 19/50'00" EAST, A DISTANCE OF 797.51 FEET; THENCE NORTH 70/10'00" EAST, A DISTANCE OF 1561.77 FEET TO THE POINT OF BEGINNING; THENCE SOUTH 62/34'35" EAST, A DISTANCE OF 941.28

FEET; THENCE SOUTH 17/17'06" EAST, A DISTANCE OF 76.99 FEET; THENCE SOUTH 08/22'43" WEST, A DISTANCE OF 55.14 FEET; THENCE SOUTH 47/01'37" EAST, A DISTANCE OF 45.42 FEET; THENCE SOUTH 11/19'24" EAST, A DISTANCE OF 30.25 FEET; THENCE SOUTH 21/26'52" WEST, A DISTANCE OF 88.02 FEET; THENCE SOUTH 03/18'10" EAST, A DISTANCE OF 109.65 FEET; THENCE SOUTH 12/13'45" WEST, A DISTANCE OF 46.35 FEET; THENCE SOUTH 07/25'43" EAST, A DISTANCE OF 81.78 FEET; THENCE SOUTH 08/38'24" EAST, A DISTANCE OF 109.60 FEET; THENCE SOUTH 18/30'12" EAST, A DISTANCE OF 182.97 FEET; THENCE SOUTH 02/41'32" WEST, A DISTANCE OF 214.83 FEET; THENCE SOUTH 08/39'34" EAST, A DISTANCE OF 67.57 FEET; THENCE SOUTH 17/19'46" EAST, A DISTANCE OF 14.11 FEET; THENCE SOUTH 69/00'32" WEST, A DISTANCE OF 205.92 FEET TO THE POINT OF CURVE OF A CURVE, CONCAVE NORTHWESTERLY HAVING A RADIUS OF 470.00 FEET; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE, AN ARC DISTANCE OF 144.16 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING OF SOUTH 77/47'45" WEST AND A CHORD DISTANCE OF 143.59 FEET TO A POINT ON SAID CURVE; THENCE NORTH 07/17'17" WEST, A DISTANCE OF 461.05 FEET; THENCE NORTH 03/55'17" WEST, A DISTANCE OF 528.77 FEET; THENCE NORTH 48/12'53" WEST, A DISTANCE OF 803.31 FEET TO A POINT ON A CURVE, CONCAVE NORTHWESTERLY HAVING A RADIUS OF 430.00 FEET; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE, AN ARC DISTANCE OF 131.01 FEET, SAID ARC BEING SUBTENDED BY A CHORD BEARING OF NORTH 39/30'15" EAST AND A CHORD DISTANCE OF 130.50 FEET TO THE POINT OF BEGINNING.

EXHIBIT B

ARTICLES OF INCORPORATION
OF
OCEAN HAMMOCK PROPERTY OWNERS ASSOCIATION, INC.

State of Florida



Department of State

I certify the attached is a true and correct copy of the Articles of Incorporation of OCEAN HAMMOCK PROPERTY OWNERS ASSOCIATION, INC., a Florida corporation, filed on April 11, 1997, as shown by the records of this office.

The document number of this corporation is N97000002055.

Given under my hand and the
Great Seal of the State of Florida,
at Tallahassee, the Capital, this the
Eleventh day of April, 1997



CR2EO22 (2-95)

Sandra B. Northam

Sandra B. Northam
Secretary of State

FILED
97 APR 11 AM 10:17
TALLAHASSEE, FLORIDA

ARTICLES OF INCORPORATION
OF
OCEAN HAMMOCK PROPERTY OWNERS ASSOCIATION, INC.

In compliance with the requirements of Florida Statutes, Chapter 617, the undersigned incorporator has executed, adopted and caused to be delivered for filing these Articles of Incorporation for the purpose of forming a corporation not for profit and does hereby certify:

ARTICLE I

NAME OF CORPORATION

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

ARTICLE II

PRINCIPAL OFFICE OF THE ASSOCIATION

The principal place of business and the mailing address of the Association is located at One Hargrove Grade, Palm Coast, Florida 32137.

ARTICLE III

REGISTERED OFFICE AND REGISTERED AGENT

The street address of the registered office of the Association is 1201 Hays Street, Tallahassee, FL 32301-2607, and the name of the initial registered agent at that address is Corporation Service Company.

ARTICLE IV

DEFINITIONS

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

ARTICLE V

PURPOSE AND POWERS OF THE ASSOCIATION

The Association does not contemplate pecuniary gain or profit. The Association shall not pay dividends and no part of any income of the Association shall be distributed to its Members, directors or officers. The Association shall have all the powers of a non-profit corporation organized under the laws of the State of Florida, subject only to such limitations upon the exercise of such powers as are expressly set forth in these Articles, the Bylaws, or the Declaration. The Association shall have the power and duty to do any and all lawful things which may be authorized, assigned, required or permitted to be done by the Declaration, any Supplemental Declaration, these Articles and the Bylaws, and to do and perform any and all acts which may be necessary or proper for, or incidental to, the exercise of any of the duties or powers of the Association for the benefit of the Owners and for the maintenance, administration and improvements of the Properties, Areas of Common Responsibility, Common Property and Village Common Property within its jurisdiction. Unless otherwise specifically prohibited, any and all functions, duties and powers of the Association shall be fully transferable, in whole or in part, to any Village Association, developer, management agent, governmental unit, community development district, public body, or similar entity.

ARTICLE VI

MEMBERSHIP

Section 1. Members. Every person or entity who is a record Owner of a fee interest in any Residential Unit in the Properties shall be a Member of the Association. Declarant shall also be a Member for so long as Declarant owns any portion of the Properties. Notwithstanding anything else to the contrary set forth in this Article, any such person or entity who holds such interest merely as security for the performance of an obligation shall not be a Member of the Association. The Association membership of each Owner (other than Declarant) shall be appurtenant to and may not be separated from the Residential Unit giving rise to such membership, and shall not be transferred except upon the transfer of title to said Residential Unit and then only to the transferee of title thereto. Any prohibited separate transfer shall be void. Any transfer of title to a Residential Unit shall operate automatically to transfer the membership in the Association appurtenant thereto to the new Owner thereof. A Village Association shall not have any membership in the Association. The owner of the Golf Course Property shall not be a member of the Association and shall have no rights of such membership.

Section 2. Classes. The Association shall have two (2) classes of voting membership:

(a) Class "A". Class "A" Members shall be all Owners of Residential Units, with the exception of Declarant for so long as Declarant shall be a Class "B" Member. Class "A" Members shall be entitled on all issues to one (1) vote for each Residential Unit in which they hold the interest required for membership.

(b) Class "B". The Class "B" Member(s) shall be Declarant and each successor of Declarant who takes title to any unimproved tract for the purpose of development and sale of Residential Units and to whom Declarant assigns in writing one or more of the Class "B" votes. Upon the execution of these Articles, the Class "B" Members shall be entitled to three (3) votes for each potential Residential Unit within the Development Plan. If the Development Plan is hereafter expanded, then Declarant's voting rights shall be increased accordingly and may result in regaining control of the Association if sufficient additional lands are added to the Development Plan. Thereafter, the number of Class "B" votes shall be reduced by one (1) vote for each Class "A" vote from time to time existing in the Association. The Class "B" membership shall terminate and become converted to Class "A" membership upon the happening of the earlier of the following:

(i) When the total outstanding Class "A" votes in the Association equal the total outstanding Class "B" votes; or

(ii) Twenty (20) years from the date of recording the Master Declaration; or

(iii) When, in its discretion, Declarant so determines.

From and after the happening of any one of these events, Declarant shall call a meeting as provided in the Bylaws for special meetings to advise the Association membership of the termination of Class "B" status. The Class "B" members shall cast on all issues their votes as they among themselves determine.

Section 3. Declarant Veto. From and after the termination of the Class "B" membership, Declarant shall have a veto power over all actions of the Association and Board of Directors of the Association. This power shall expire when the Class "A" vote, other than that held by Declarant, equals ninety-five percent (95%) of the total membership vote (regardless of class distinction) of the Association, or twenty (20) years from the date of recording of the Declaration, whichever occurs first. The veto shall be exercised as follows:

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

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

(b) Declarant shall have been given the opportunity at each such meeting, if Declarant so desires, to join in, or to have its representatives or agents join in, discussion of any prospective action, policy or program authorized by the Board, the Association officers, or Association membership, and to be taken by said Board, the officers or agents of the Association, or any individual Member of the Association (if Association or Board approval is necessary for

said Member's action). Except as set forth in subsection (c) below, Declarant veto must be exercised by Declarant, its representatives, or agents at or before the meeting to consider proposed action. The veto power shall not include the authority to require any affirmative action on behalf of the Board or the Association; and

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

Section 4. Multiple Owners. Each vote in the Association must be cast as a single vote, and fractional votes shall not be allowed. In the event that joint or multiple Owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If any Owner or Owners cast a vote on behalf of a particular Residential Unit, it shall thereafter be conclusively presumed for all purposes that he was or they were acting with the authority and consent of all other Owners thereof. In the event more than the appropriate number of votes are cast for a particular Residential Unit, none of said votes shall be counted and said votes shall be deemed void.

ARTICLE VII

BOARD OF DIRECTORS

The affairs of this Association shall be managed and administered by a Board of Directors consisting of three (3), five (5), seven (7), or nine (9) members. Initially, the Board shall consist of three (3) members, with the number in subsequent years to be determined by the members of the Board; provided that there shall always be an odd number of directorships created. Anything in these Articles to the contrary notwithstanding, until such time as Declarant has conveyed to purchasers not affiliated with Declarant all lands which are subject to potential annexation pursuant to the Declaration, or at such earlier date as may be selected by Declarant, Declarant shall be entitled to designate all members of the Board. The names and addresses of persons who are to act in the capacity of director until appointment or election of their successors are:

NAME

ADDRESS

Robert D. DeVore

Palm Coast Community Homes, Inc.
One Hargrove Grade
Palm Coast, Florida 32137

William T. Wethe

Palm Coast Community Homes, Inc.
One Hargrove Grade
Palm Coast, Florida 32137

Jose Levy

Palm Coast Community Homes, Inc.
One Hargrove Grade
Palm Coast, Florida 32137

Interim vacancies in the Board of Directors shall be filled by Declarant until Declarant has no authority to appoint Directors and thereafter by the majority of the remaining Directors, and any such appointed Director shall serve for the remaining term of his predecessor. After Declarant relinquishes its right to appoint the Board of Directors, the Members shall elect the directors by majority vote, for staggered terms of three (3) years each. To create the staggered terms, one post shall become vacant in one (1) year and a successor director shall be elected. The second post shall be deemed vacant at the end of the second year, and a successor director shall be elected. The third post shall be deemed vacant at the end of the third year, and a successor director shall be elected. All successor directors shall serve for terms of three (3) years each. In the event that the number of people comprising the Board of Directors is changed, such change in number shall be implemented in such a manner as to have as nearly equal in number as possible the number of directors whose terms expire in any given year.

ARTICLE VIII

OFFICERS

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

	<u>NAME</u>	<u>ADDRESS</u>
President:	Robert D. DeVore	Palm Coast Community Homes, Inc. One Hargrove Grade Palm Coast, Florida 32137
Vice President:	Jose Levy	Palm Coast Community Homes, Inc. One Hargrove Grade Palm Coast, Florida 32137
Secretary:	Clinton F. Smith	Palm Coast Community Homes, Inc. One Hargrove Grade Palm Coast, Florida 32137
Treasurer:	William T. Wethe	Palm Coast Community Homes, Inc. One Hargrove Grade Palm Coast, Florida 32137

ARTICLE IX

DURATION

The corporation shall exist perpetually.

ARTICLE X

AMENDMENTS

Amendments to these Articles shall be proposed and adopted in the following manner:

Section 1. Notice. Notice of a proposed amendment shall be included in the notice of any meeting at which the proposed amendment is to be considered and shall be otherwise given in the time and manner provided in Chapter 617, Florida Statutes. Such notice shall contain the proposed amendment or a summary of the changes to be affected thereby.

Section 2. Adoption. Amendments shall be proposed and adopted in the manner provided in Chapter 617, Florida Statutes.

Section 3. Developer Amendments. Notwithstanding anything herein contained to the contrary, to the extent lawful, Declarant may amend these Articles consistent with the provisions of the Declaration allowing certain amendments to be effected by Declarant alone.

Section 4. Recording. A copy of each amendment shall be filed with the Secretary of State pursuant to the provisions of applicable Florida law, and a copy certified by the Secretary of State shall be recorded in the public records of Flagler County, Florida with an identification on the first page thereof of the book and page of said public records where the Declaration was recorded.

Section 5. Limitations. No amendment shall be made that is in conflict with the Master Declaration. So long as Declarant shall own any lands within the Development Plan or which are otherwise subject to potential annexation, no Declarant related amendment shall be made to the Declaration, any Supplemental Declaration, or to the Articles or Bylaws of the Association unless such amendment is first approved in writing by Declarant. Any amendment shall be deemed to be Declarant related if it does any of the following;

- (a) directly or indirectly by its provisions or in practical application relates to Declarant in a manner different from the manner in which it relates to other owners;
- (b) modifies the definitions provided for by Article I of the Declaration in a manner which alters Declarant's rights or status;
- (c) modifies or repeals any provision of Article II of the Declaration;

(d) alters the character and rights or membership as provided for by Article III of the Declaration or affects or modifies in any manner whatsoever the rights of Declarant as a Member of the Association;

(e) alters any previously recorded or written agreement with any public or quasi-public agencies, utility company, political subdivision, public authorities or other similar agencies or bodies, respecting zoning, streets, roads, drives, easements or facilities;

(f) denies the right of Declarant to convey to the Association Common Property or Village Common Property;

(g) modifies the basis or manner of assessment as applicable to Declarant or any lands owned by Declarant;

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

ARTICLE XI

BYLAWS

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

ARTICLE XII

INDEMNIFICATION OF OFFICERS AND DIRECTORS

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

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

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

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

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

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

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

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

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

Section 8. The Association shall have the power, but shall not be obligated, to purchase and maintain indemnification insurance to provide coverage for any liability asserted against any director, officer, committee member, agent or employee of the Association in any of his

capacities as described in Section 1, whether or not the Association would have the power to indemnify him or her under this Article.

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

ARTICLE XIII

INCONSISTENCY

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

ARTICLE XIV

HUD/FHA/VA APPROVAL

So long as Declarant retains the right to appoint and remove any directors and officers of the Association as set forth in the Declaration, if the Declarant has requested, applied and submitted documents for approval from the United States Department of Housing and Urban Development, Federal Housing Administration or Veterans Administration, individually or in some combination thereof, for their making, insuring or purchasing loans on dwellings in the Property and if such approval has been granted, then to the extent that said agencies require approval or consent by it or them to annexation of Additional Property, any merger or consolidation involving the Association, the placing of any mortgage lien on the Common Property or Village Common Property, dedication to the public of any Common Property or Village Common Property, any amendment of the Declaration, or dissolution of the Association, by any one or more of said agencies as a condition of making, insuring or purchasing loans on dwellings in the Properties, if any such loan has been approved, insured or purchased by the applicable agency at the time of the proposed annexation, merger, consolidation, mortgaging, dedication, amendment or dissolution, then the required consent or approval shall be obtained.

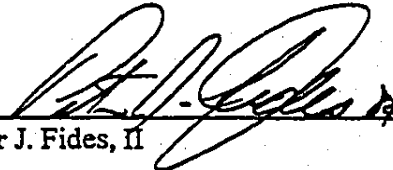
ARTICLE XV

INCORPORATOR

The name and street address of the sole incorporator to these Articles of Incorporation is as follows:

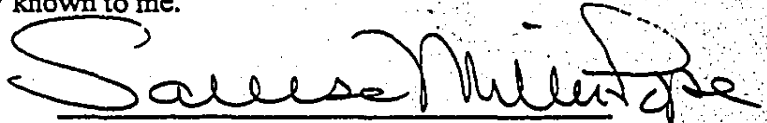
Peter J. Fides, II
Greenberg, Traurig, Hoffman, Lipoff, Rosen & Quentel, P.A.
111 North Orange Avenue, Suite 2050
Orlando, Florida 32801

IN WITNESS WHEREOF, for the purpose of forming this corporation under the laws of the State of Florida, the undersigned, constituting the sole incorporator of this Association, has executed these Articles of Incorporation this 10th day of April, 1997.


Peter J. Fides, II

STATE OF FLORIDA
COUNTY OF ORANGE

The foregoing Articles of Incorporation were acknowledged before me this 10th day of April, 1997 by Peter Fides, II, who is personally known to me.


(Signature of Notary Public)



(Typed name of Notary Public)
Notary Public, State of Florida
Commission No. _____
My commission expires: _____

(Notary Seal)

**CERTIFICATE DESIGNATING REGISTERED AGENT FOR
SERVICE OF PROCESS**

Pursuant to Chapters 48 and 617, Florida Statutes, the following is submitted in compliance with said Acts.

OCEAN HAMMOCK PROPERTY OWNERS ASSOCIATION, INC., desiring to organize as a corporation under the laws of the State of Florida, with its registered office at 1201 Hays Street, Tallahassee, FL 32301-2607, has named Corporation Service Company, located at the above-registered office, as its Registered Agent to accept service of process within this State.

ACKNOWLEDGMENT:

Having been named to accept service of process for the above-stated corporation at the place designated in this Certificate, I hereby accept to act in this capacity and agree to comply with the provisions of said Acts relative to keeping open said office.

Registered Agent:

CORPORATION SERVICE COMPANY

By: Laura R. Dunlap

Print Name: LAURA R. DUNLAP

Title: IT'S AGENT

Dated: April 10, 1997

FILED
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TALLAHASSEE, FLORIDA

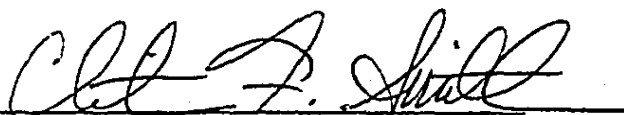
EXHIBIT C

BYLAWS
OF
OCEAN HAMMOCK PROPERTY OWNERS ASSOCIATION, INC.

CERTIFICATE

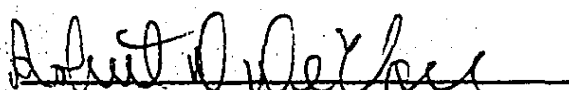
I HEREBY CERTIFY that the attached is a true and correct copy of the By-Laws of Ocean Hammock Property Owners Association, Inc.

Dated this 11 day of April, 1997.



Clinton F. Smith
Its: Secretary

Attest:



Robert D. DeVore, President
Ocean Hammock Property Owners Association, Inc.

Date: April 11, 1997

BYLAWS

OF

OCEAN HAMMOCK PROPERTY OWNERS ASSOCIATION, INC.

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

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

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

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

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

3. Members.

3.1 Qualification. Every person or entity who is a record Owner of a fee interest in any Residential Unit in the Properties shall be a Member of the Association. Declarant shall also be a Member for so long as Declarant owns any portion of the Properties. Notwithstanding anything else to the contrary set forth herein, any such person or entity who holds such interest merely as security for the performance of an obligation shall not be a Member of the Association.

3.2 Change of Membership. Change of membership in the Association shall be established by recording in the Public Records of Flagler County, Florida, a deed or other instrument establishing record title to a Residential Unit under the jurisdiction of the Association. The Owner designated as grantee by such instrument thus becomes a Member of the Association and the membership of the prior Owner is terminated. The new Owner shall notify the Association of such property transfer and furnish the Association a copy of the recorded deed, the new Owner's address, and the Owner's local agent, if any. Any notice requirements set out in these Bylaws and in the Articles shall be deemed to be complied with if notice to an Owner is directed to the address of said Owner or local agent as then reflected in the Association's records.

3.3 Voting Rights. The voting rights of each Member of the Association and the manner of exercising such rights shall be as set forth in the Master Declaration and the Articles, as supplemented by these Bylaws.

3.4 Designation of Voting Representative. If a Residential Unit is owned by one person or entity, that Owner's rights to vote shall be established by the record title to the Residential Unit. If a Residential Unit is owned by more than one person or entity, the person entitled to cast the votes for that Residential Unit shall be designated by a certificate signed by all of the record Owners of that Residential Unit and filed with the Secretary of the Association. If a Residential Unit is owned by a general or limited partnership, the person entitled to cast the votes for the Residential Unit shall be designated by a certificate of appointment signed by one of the general partners and filed with the Secretary of the Association. If a Residential Unit is owned by a corporation, the person entitled to vote for the Residential Unit shall be designated by a certificate of appointment signed by the President or Vice President of the corporation and filed with the Secretary of the Association. If a Residential Unit is owned in trust, the person entitled to vote for the Residential Unit shall be designated by a certificate of appointment signed by a majority of the trustees of record for the trust and filed with the Secretary of the Association. Such certificates shall be valid until revoked or until superseded by a subsequent certificate or until a change in the ownership of the Residential Unit concerned. A certificate designating the person entitled to cast the votes of a Residential Unit may be revoked in writing by any Owner thereof. Provided, however, that no Residential Unit shall vote in excess of the voting rights allocated to that Residential Unit pursuant to the Declaration.

3.5 Approval or Disapproval of Matters. Whenever the decision of an Owner is required upon any matter, whether or not the subject of an Association meeting, such decision shall be expressed by the same person who would cast the votes of such Owner if at an Association meeting, unless the joinder of all record Owners is specifically required by the Declaration, the Articles, or by these Bylaws.

3.6 Restraint Upon Assignment of Shares in Assets. The share of a Member in the funds and assets of the Association cannot be assigned, hypothecated or transferred in any manner except as an appurtenance to that Owner's Residential Unit.

4. Members' Meetings.

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

4.2 Special Members' Meetings. Special meetings of the Members may be called by either of the following:

- (a) The Board of Directors, or

(b) The holders of not less than ten percent (10%) of the total voting interests of the Association.

4.3 Notice of All Meetings of Members. Written notice stating the place, day and hour of the meeting, and in the case of a special meeting the purpose or purposes for which the meeting is called, shall be delivered to each Member entitled to vote at such meeting not less than fourteen (14) or more than sixty (60) days before the date of the meeting, by either hand delivery or first-class mail, by or under the supervision of the President or the Secretary of the Association.

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

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

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

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

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

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

4.9 Minutes of Meetings. The Association shall maintain minutes of all meetings of the membership and of the Board of Directors in written form or in another form that can be converted into written form within a reasonable time. A vote or abstention from voting on each matter voted upon for each director present at a board meeting, must be recorded in the minutes. The minutes shall be available for inspection by Members or their authorized

representatives at any reasonable time. The Association shall retain minutes for a period of not less than seven (7) years.

5. Board of Directors.

5.1 Number. The affairs of this Association shall be managed and administered by a Board of Directors consisting of three (3), five (5), seven (7), or nine (9) members. Initially, the Board shall consist of three (3) members, with the number in subsequent years to be determined by the members of the Board; provided that there shall always be an odd number of directorships created. Anything in these Bylaws to the contrary notwithstanding, so long as there exists a Class B membership, Declarant shall be entitled to designate all members of the Board of Directors of the Association, and, commencing upon conversion of the Class B membership to Class A membership, and continuing thereafter until Declarant has conveyed to members other than Declarant ninety percent (90%) of the Residential Units in all phases to be operated by the Association in the Properties and in all additional lands which are subject to potential annexation pursuant to the Declaration, or at such earlier date as may be selected by Declarant, Declarant shall be entitled to designate at least a majority of the members of the Board of Directors of the Association. Declarant shall be entitled to designate at least one member of the Board so long as Declarant holds for sale in the ordinary course of business at least five percent (5%) of the Residential Units in all phases to be operated by the Association in the Properties and in all additional lands which are subject to potential annexation pursuant to the Declaration.

5.2 Election of Directors. Election of Directors shall be held at the annual members' meeting, except as herein provided to the contrary. Not less than sixty (60) days prior to a scheduled election, the Association shall mail or deliver to each Owner entitled to vote, a first notice of the date of election. Any Owner or other eligible person desiring to be a candidate for the Board shall give written notice to the Secretary of the Association not less than forty (40) days prior to the scheduled election. Together with the notice of meeting and agenda, the Association shall then mail or deliver a second notice of the meeting to all Owners entitled to vote therein, together with a ballot which shall list all candidates. Upon request of a candidate, the Association shall include an information sheet, no larger than 8-1/2 inches by 11 inches furnished by the candidate, which must be furnished by the candidate to the Association not less than thirty five (35) days before the election, to be included with the mailing or delivery of the ballot, with the costs of mailing and copying to be borne by the Association. The Association has no liability for the contents of the information sheets prepared by the candidates. In order to reduce costs, the Association may print or duplicate the information sheets on both sides of the paper. The election of directors shall be by written ballot or voting machine. Elections shall be decided by a plurality of the votes cast.

5.3 Term of Office. After Declarant relinquishes the power to designate the Board of Directors, the Members shall elect the directors for staggered terms of three (3) years each, as provided in the Articles. Each director shall hold office for the term for which he is elected and until his successor shall have been elected and qualified or until his earlier resignation, removal from office or death.

5.4 Removal. Except for Declarant-appointed directors who may only be removed by Declarant, any director may be removed from the Board, with or without cause, by a majority vote of the Members. In the event of the death, resignation or removal of a director, his successor shall be selected by the remaining directors and shall serve for the un-expired term of his predecessor; provided, however, that Declarant shall select successors to Declarant-appointed directors.

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

6. Meetings of Directors.

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

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

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

6.4 Defects in Notice, etc. Waived by Attendance. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting and a waiver of any and all objections to the place of the meeting, the time of the meeting, or the manner in which it has been called or convened, except when a director states, at the beginning of the meeting, any objection to the transaction of business because the meeting is not lawfully called or convened.

Directors may participate in a meeting of such Board by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time. Participation by such means shall constitute presence in persons at a meeting.

6.5 Quorum. A quorum at directors' meetings shall consist of a majority of all votes of the entire Board of Directors. The acts approved by a majority of those votes represented at a meeting at which a quorum is present shall constitute the act of the Board of Directors, except where approval by a greater number of directors is required by the Declaration, a Supplemental Declaration, the Articles, or these Bylaws.

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

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

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

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

7. Officers.

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

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

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

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

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

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

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

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

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

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

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

(1) Professional, administration and management fees and expense;

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

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

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

9.2 Budget. The Board of Directors shall adopt an operating budget for the Properties in advance for each calendar year which shall include the estimated funds required to defray the current expenses and shall provide funds for the foregoing reserves. The operating budget shall provide separate expense and reserve figures for (1) Village Common Properties, if any, so as to permit appropriate allocation of assessments therefore among all benefited Residential Units, and (2) the Common Properties and the Areas of Common Responsibility so as to permit appropriate allocation of assessments therefore among all Residential Units.

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

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

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

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

11.2 Declarant Approval. So long as Declarant shall own any lands within or in the vicinity of the Development Plan which are subject to potential annexation, no Declarant related amendment shall be made to these Bylaws unless such amendment is first approved in writing by Declarant. Any amendment shall be deemed to be Declarant related if it does any of the following:

(a) directly or indirectly by its provisions or in practical application relates to Declarant in a manner different from the manner in which it relates to other owners.

(b) Modifies the definitions provided for by Article I of the Declaration in a manner which alters Declarant's rights or status.

(c) modifies or repeals any provision of Article II of the Declaration.

(d) alters the character and rights of membership as provided for by Article III of the Declaration or affects or modifies in any manner whatsoever the rights of Declarant as a Member of the Association.

(e) alters any previously recorded or written agreement with any public or quasi-public agencies, utility company, political subdivision, public authorities or other similar agencies or bodies, respecting zoning, streets, roads, drives, easements or facilities.

(f) denies the right of Declarant to convey to the Association Common Property or Village Common Property.

(g) modifies the basis or manner of assessment as applicable to Declarant or any lands owned by Declarant.

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

11.3 Proviso. No amendment shall make any changes in the qualifications for membership nor the voting rights of Members without approval in writing by all Members. No amendment shall be made that is in conflict with Chapter 617, Florida Statutes, or with the Declaration or Articles of Incorporation.

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