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**DECLARATION OF CONDOMINIUM OF
THE VILLAS AT HAMMOCK BEACH,
A CONDOMINIUM**

THE VILLAS AT HAMMOCK BEACH,
A CONDOMINIUM

TABLE OF CONTENTS

ARTICLE I. 2

 1.1 NAME OF CONDOMINIUM 2

 1.2 DEFINED TERMS 2

 1.3 DEVELOPMENT PLAN. 6

ARTICLE II. 7

 2.1 LEGAL DESCRIPTION 7

 2.2 SURVEY 7

 2.3 ALTERATION OF BOUNDARIES AND PLOT PLAN 7

ARTICLE III. 8

 3.1 IDENTIFICATION OF PHASE 1 BUILDING AND UNITS 8

 3.2 IDENTIFICATION OF PHASE 1 BUILDING AND UNITS 8

 3.3 BOUNDARIES OF INDIVIDUAL UNITS 8

 3.4 EASEMENTS 9

 3.5 COMMON ELEMENTS 12

 3.6 LIMITED COMMON ELEMENTS 13

 3.6.1 Parking 13

 3.6.2 Patios, Balconies, Decks and Porches 17

 3.6.3 Use of Limited Common Elements. 17

 3.7 APPURTENANCES 18

 3.8 RESTRAINT UPON SEPARATION AND PARTITION OF COMMON
ELEMENTS AND LIMITED COMMON ELEMENTS. 18

 3.9 NO TIMESHARE ESTATES 18

 3.10 PHASE DEVELOPMENT. 18

ARTICLE IV. 21

 4.1 ALLOCATION OF OWNERSHIP INTEREST 21

ARTICLE V. 22

 5.1 MAINTENANCE, ALTERATION AND IMPROVEMENT. 22

 5.2 UNITS - CONDOMINIUM ASSOCIATION'S RESPONSIBILITIES 22

 5.3 UNITS - UNIT OWNERS' RESPONSIBILITIES 22

 5.4 COMMON ELEMENTS AND LIMITED COMMON ELEMENTS
CONDOMINIUM ASSOCIATION'S RESPONSIBILITIES 23

 5.5 ENFORCEMENT OF MAINTENANCE 24

5.6 DEVELOPER’S RIGHT OF INSPECTION, MAINTENANCE AND REPAIR. 24

ARTICLE VI. 25

6.1 COMMON EXPENSES AND COMMON SURPLUS. 25

6.2 DETERMINATION OF ASSESSMENTS 26

6.3 COLLECTION OF ASSESSMENTS - LIABILITY, INTEREST AND LIENS 26

6.4 WORKING CAPITAL ASSESSMENTS TO THE CONDOMINIUM ASSOCIATION 29

6.4.1 Working Capital 29

ARTICLE VII. 29

7.1 ASSOCIATION POWERS, OPERATION AND MANAGEMENT 29

ARTICLE VIII. 30

8.1 INSURANCE POLICIES 30

8.2 LIABILITY INSURANCE 31

8.3 CASUALTY INSURANCE 31

8.4 ADDITIONAL INSURANCE 31

8.5 ASSOCIATION - SHARES OF PROCEEDS 31

8.6 INSURANCE TRUSTEE - SHARES OF PROCEEDS 32

8.6.1 Common Elements and Limited Common Elements 32

8.6.2 Units 32

8.6.3 Mortgages 32

8.7 DISTRIBUTION OF PROCEEDS 33

8.7.1 Expenses of the Insurance Trustee 33

8.7.2 Reconstruction or Repair 33

8.7.3 Failure to Reconstruct or Repair 33

8.7.4 Certificate 33

8.8 AGENT FOR ASSOCIATION 33

8.9 OWNERS' INDIVIDUAL INSURANCE POLICIES 33

8.10 EXTENT OF COVERAGE 34

ARTICLE IX. 34

9.1 RECONSTRUCTION OR REPAIR AFTER CASUALTY 34

9.1.1 Damage to Common Elements and Limited Common Elements 34

9.1.2 Condominium Building - Lesser Damage 34

9.1.3 Condominium Building - Major Damage 35

9.1.4 Determination to Reconstruct or Repair 35

9.1.5 Certificate 35

9.2 PLANS AND SPECIFICATIONS 35

9.3 RESPONSIBILITY 36

9.4 ASSESSMENTS TO RECONSTRUCT 36

 9.4.1 Construction Funds 36

 9.4.2 Condominium Association 36

 9.4.3 Insurance Trustee 36

 9.4.4 Unit Owner 37

 9.4.5 Surplus 37

 9.4.6 Certificate 37

ARTICLE X. 38

 10.1 CONDEMNATION OR EMINENT DOMAIN 38

 10.1.1 All Units Remain Tenable 38

 10.1.2 Some Units Are Made Untenable 38

 10.1.3 All Units are Untenable 38

ARTICLE XI. 38

 11.1 USE OF UNITS, COMMON ELEMENTS AND LIMITED COMMON ELEMENTS
 38

ARTICLE XII. 39

 12.1 DEVELOPER’S USE OF CONDOMINIUM PROPERTY IN CONNECTION WITH
 SALES ACTIVITIES. 39

 12.2 LEASING OF INDIVIDUAL UNITS 39

ARTICLE XIII. 40

 13.1 TERMINATION OF CONDOMINIUM 40

ARTICLE XIV. 41

 14.1 AD VALOREM TAXES. 41

ARTICLE XV. 41

 15.1 MEMBERSHIP IN THE CONDOMINIUM ASSOCIATION AND VOTING
 RIGHTS IN THE ASSOCIATION 41

ARTICLE XVI. 41

 16.1 AMENDMENT OF DECLARATION 41

 16.2 DEVELOPER AMENDMENTS/PROHIBITED ACTIONS 42

ARTICLE XVII. 43

 17.1 ARTICLES, BYLAWS 43

ARTICLE XVIII. 43

 18.1 USE OF COMMON ELEMENTS AND LIMITED COMMON ELEMENTS BY

OTHER DEVELOPMENTS AND THE HAMMOCK BEACH CLUB PROPERTY OWNERS 43

18.2 THE CLUB AT HAMMOCK BEACH MEMBERSHIP 44

18.3 ASSUMPTION OF RISK AND INDEMNIFICATION 45

18.4 ENFORCEMENT 45

18.5 AMENDMENT 45

ARTICLE XIX. 45

19.1 EFFECTS OF RESTRICTIONS, EASEMENTS AND CONDITIONS 45

19.2 BONDING OF DIRECTORS AND OFFICERS 46

19.3 NOTICE 46

19.4 GENERAL PROVISIONS 46

ARTICLE XX. 47

20.1 EXECUTION DOCUMENTS REQUIRED BY THE GOVERNMENT 47

ARTICLE XXI. 47

21.1 MASTER ASSOCIATION, COST SHARE DECLARATION, CDD AND GOLF COURSE PROPERTY AND ADDITIONAL DISCLOSURES. 47

LIST OF EXHIBITS

- Exhibit A-1 - Phase 1 Lands (Parcels 10)
- Exhibit A-2 - Phase 2 Lands (Parcel 11)
- Exhibit A-3 - Phase 3 Lands (Parcel 12)
- Exhibit A-4 - Phase 4 Lands (Parcel 9)
- Exhibit A-5 - Phase 5 Lands (Parcel 13)
- Exhibit A-6 - Phase 6 Lands (Parcel 8)
- Exhibit A-7 - Phase 7 Lands (Parcel 7)
- Exhibit A-8 - Phase 8 Lands (Parcel 14)
- Exhibit A-9 - Phase 9 Lands (Parcel 6)
- Exhibit A-10 - Phase 10 Lands (Parcel 5)
- Exhibit B - Survey, Graphic Description and Plot Plan of Phase 1 Lands, Survey and Plot Plan of Phase 2 Lands, Phase 3, Phase 4 Lands, Phase 5 Lands, Phase 6 Lands, Phase 7 Lands, Phase 8 Lands, Phase 9 Lands and Phase 10 Lands.
- Exhibit B-1 - Phase 1 Surveyor's Certificate
- Exhibit C - Phase 1 Floor Plans
- Exhibit D - Declaration of Easements and Parcel 14 Easement
- Exhibit E - Allocation of Unit Owners ownership in Common Elements, Limited Common Elements, Common Expenses and Common Surpluses for Phase 1
- Exhibit E-1 - Proposed Form of Allocation of Unit Owners ownership in Common Elements, Limited Common Elements, Common Expenses and Common Surpluses for Phases 2, 3, 4, and 5
- Exhibit F - Articles and Bylaws
- Exhibit G - Management Contract

**DECLARATION OF CONDOMINIUM
OF
THE VILLAS AT HAMMOCK BEACH, A CONDOMINIUM**

CENTEX HOMES, a Nevada general partnership, authorized to transact business within the State of Florida (hereinafter referred to as the "Developer"), being the owner of fee simple title of record to those certain lands designated herein as the Phase 1 Lands, located and situated in Flagler County, Florida, being more particularly described in Article I hereof, does hereby submit the said lands and improvements thereon (as herein described below), to condominium ownership, pursuant to Chapter 718 of the *Florida Statutes* (2001) (hereinafter referred to as the "Condominium Act"), subject to the restrictions and reservations hereinafter set forth. This is a "Phase Condominium" as contemplated by Section 718.403 of the Condominium Act. However, the property designated herein as the Phase 2 Lands, Phase 3 Lands, Phase 4 Lands, Phase 5 Lands, Phase 6 Lands, Phase 7 Lands, Phase 8 Lands, Phase 9 Lands and Phase 10 Lands are not being submitted to the Condominium at this time and shall neither be part of the Condominium nor subject to this Declaration, unless and until this Declaration is amended by the Developer to add the Phase 2 Lands, Phase 3 Lands, Phase 4 Lands, Phase 5 Lands, Phase 6 Lands, Phase 7 Lands, Phase 8 Lands, Phase 9 Lands, or Phase 10 Lands to this Declaration as provided in Article III. The developer of the Phase 2 Lands, Phase 3 Lands, Phase 4 Lands, Phase 5 Lands, Phase 6 Lands, Phase 7 Lands, Phase 8 Lands, Phase 9 Lands or Phase 10 Lands may be a person or entity other than the Developer as described herein and in Article III.

This Declaration and other documents attached hereto have been prepared in accordance with the Condominium Act. This Declaration is not effective until it is recorded in the public records of Flagler County, Florida.

The Articles and the Bylaws of THE VILLAS AT HAMMOCK BEACH CONDOMINIUM ASSOCIATION, INC., both of which are attached hereto as Exhibits, shall create THE VILLAS AT HAMMOCK BEACH CONDOMINIUM ASSOCIATION, INC.

All the restrictions, reservations, covenants, conditions, easements and limitations of record contained herein shall constitute covenants running with the land or equitable servitudes upon the land, as the case may be, shall run perpetually unless terminated as provided herein, and shall be binding upon all Owners (as hereinafter defined). In consideration of receiving, and by acceptance of a grant, devise or mortgage, all grantees, devisees or Mortgagees (as hereinafter defined), their heirs, personal representatives, successors and assigns and all parties claiming by, through or under such persons, agree to be bound by the provisions hereof and the Articles and Bylaws of the

Condominium Association. Both the benefits provided and the burdens imposed shall run with each Unit and the interests in Common Elements and Limited Common Elements as defined herein.

ARTICLE I.

1.1 NAME OF CONDOMINIUM.

The name by which this Condominium is to be identified is The Villas at Hammock Beach, a Condominium (hereinafter referred to as the "Condominium").

1.2 DEFINED TERMS.

As used in this Declaration of Condominium, the Articles of Incorporation and the Bylaws, and in all amendments thereto, unless the context requires otherwise, the defined terms are as follows:

1.2.1 "Articles" or "Articles of Incorporation" and "Bylaws" mean the Articles of Incorporation and the Bylaws of the Condominium Association as they exist from time to time.

1.2.2 "Assessments" means a share of the funds required for the payment of Common Expenses which from time to time are assessed against any Unit Owner.

1.2.3 "Board" or "Board of Directors" means the Board of Directors or other representative body responsible for the administration of the Condominium Association.

1.2.4 "CDD" means the Dunes Community Development District.

1.2.5 "Common Elements" means those portions of the Condominium Property not included in the Units, including, but not limited to, those items described in Article III, Section 3.5 hereof. Common Elements shall include, without limitation, the tangible personal property required for the maintenance of the Common Elements and the tangible personal property which is owned or leased by the Condominium Association.

1.2.6 "Common Expenses" means the expenses of administration, maintenance, operation, utilities, repair and replacement of the Condominium Property, other expenses declared by the Condominium Association, this Declaration, the Articles and the Bylaws to be Common Expenses and any other valid expenses or debts of the Condominium as a whole or the Condominium Association which are assessed against the Unit Owners.

1.2.7 "Common Surplus" means the excess, if any, of all receipts of the Condominium Association (including, but not limited to, assessments, rents, profits and revenues on account of the Common Elements) over the amount of the Common Expenses.

1.2.8. "Condominium" has the meaning ascribed to such term in Article I, Section 1.1.

1.2.9. "Condominium Association" or "Association" means The Villas at Hammock Beach Condominium Association, Inc., a Florida not-for-profit corporation, responsible for Operating the Condominium.

1.2.10. "Condominium Building" means a structure which comprises a portion of the Condominium Property within which Units are located.

1.2.11. "Condominium Property" means and includes all lands that are subjected to condominium ownership, specifically including the Phase 1 Lands, and may include the Phase 2 Lands, Phase 3 Lands, Phase 4 Lands, Phase 5 Lands, Phase 6 Lands, Phase 7 Land, Phase 8 Lands, Phase 9 Lands, and/or the Phase 10 Lands (as defined below), if and when the Phase 2 Lands, Phase 3 Lands, Phase 4 Lands, Phase 5 Lands, Phase 6 Lands, Phase 7 Lands, Phase 8 Lands, Phase 9 Lands, and/or Phase 10 Lands become part of the Condominium in accordance with Article III, Section 3.10, of this Declaration, whether or not contiguous, and all improvements thereof and all easements and rights appurtenant thereto intended for use in connection with the Condominium.

1.2.12. "Connector Road Maintenance Agreement" means that certain Connector Road Maintenance Agreement recorded in Official Records Book 572, page 95, as amended by that certain First Amendment recorded in Official Records Book 631, page 435, as amended, modified and supplemented from time to time and which Connector Road Maintenance Agreement obligates the Unit Owners and imposes certain obligations on the Condominium Property to pay a share of the Connector Road and Entrance Gate (as such terms are defined in the Connector Road Maintenance Agreement) maintenance expenses to the Ocean Hammock Property Owners Association, Inc. and is an encumbrance on the Condominium Property as more fully set forth in Article XXI.

1.2.13. "Cost Share Declaration" means that certain Declaration of Covenants recorded in Official Records Book 741, page 104, of the public records of Flagler County, Florida, as amended, modified and supplemented from time to time and which Cost Share Declaration imposes certain cost share obligations upon the Condominium Property and the Unit Owners in favor of the Ocean Hammock Property Owners Association, Inc., is an encumbrance on the Condominium Property and grants certain rights, licenses, privileges and easements over the Ocean Hammock Property Owners Association, Inc.'s common property to the Owners of Units in the Northshore Investment Property, as defined in the Cost Share Declaration and which Northshore Investment Property includes the Condominium Property, all as more fully set forth in Article XXI.

1.2.14. "Declaration" or "Declaration of Condominium" means this Declaration and any amendments hereto.

1.2.15. "Developer" means Centex Homes and its successors, assigns, nominees and designees, the creator of the Condominium and which is offering Condominium Units in the Condominium for sale in its ordinary course of business pursuant to the Condominium Act. The

developer of the Phase 2 Lands, Phase 3 Lands, Phase 4 Lands, Phase 5 Lands, Phase 6 Lands, Phase 7 Lands, Phase 8 Lands, Phase 9 Lands, or Phase 10 Lands may be a person or entity other than the Developer. In the event the holder of any mortgage executed by Developer obtains title to all or any portion of the Condominium Property by foreclosure or deed in lieu thereof, such Mortgagee shall become the Developer only if it so elects, by written notice to the Board, but, in any event, such Mortgagee may assign its rights as the Developer to any third party or which acquires title to all or a portion of the Condominium Property from the Mortgagee. In any event, any successor, subsequent or concurrent developer, including, but not limited to, any developer of the Phase 2 Lands, Phase 3 Lands, Phase 4 Lands, Phase 5 Lands, Phase 6 Lands, Phase 7 Lands, Phase 8 Lands, Phase 9 Lands, or Phase 10 Lands shall not be liable for any defaults or obligations incurred by any prior developer, including, but not limited to, the Developer, except as the same are expressly assumed, in writing, by the successor, subsequent or concurrent developer.

1.2.16. "Guests" shall include persons who are visitors to a Unit to whom the hospitality is extended by the Owner, tenants or invitees of a Unit, for monetary compensation or otherwise.

1.2.17. "Hammock Beach Club Owner" means Northshore Investment, or one of its successors, assigns or affiliates doing business as The Club at Hammock Beach, which owns or operates the Hammock Beach Club Property.

1.2.18. "Hammock Beach Club Property" means all of the real property located in Flagler County, Florida, including any units in the Hammock Beach Club Condominium owned by the Hammock Beach Club Owner, its successors or assigns, and operated as part of the Club at Hammock Beach, including, but not limited to, Parcel C of Northshore Plat Five, together with all of the recreational and social facilities constructed thereon, if any, which will be operated by the Hammock Beach Club Owner, or its successors or assigns, and commonly known and referred to herein as The Club at Hammock Beach. **THE HAMMOCK BEACH CLUB PROPERTY IS NOT A COMMON ELEMENT OR LIMITED COMMON ELEMENT OF THE CONDOMINIUM.**

1.2.19. "Hammock Beach Property" means the lands described in the Master Declaration, including the Condominium Property.

1.2.20. "Limited Common Elements" means and includes those Common Elements which are reserved for the use of a certain Unit or Units to the exclusion of other Units, including, but not limited to, certain Limited Common Elements described in Article III, Section 3.6.

1.2.21. "Master Association" means the Hammock Beach Property Owners Association, Inc., a Florida not for profit corporation.

1.2.22. "Master Declaration" means the Hammock Beach Declaration of Covenants and Restrictions recorded in Official Records Book 741, page 121, of the public records of Flagler

County, Florida, as amended, modified and supplemented from time to time, which Master Declaration is an encumbrance on the Condominium Property as more fully set forth in Article XXI.

1.2.23 "Mortgagee" means a bank, savings and loan association, insurance company, mortgage company, real estate investment trust, recognized institutional type lender or its loan correspondent, Federal National Mortgage Association (FNMA), an agency of the United States Government, Developer or Northshore Investment, if it owns or holds a mortgage encumbering a Unit.

1.2.24. "Northshore Investment" means Northshore Ocean Hammock Investment, L.P., a Georgia limited partnership, its successors and assigns.

1.2.25. "Operating Budget" means the allocation of costs and expenses for the operation, administration and management of the Condominium Property (including, without limitation, maintenance, repair and replacement costs and expenses).

1.2.26. "Operating" or "Operating of the Condominium" means the operation, administration and management of the Condominium Property (including, without limitation, maintenance, repair and replacement of the Condominium Property).

1.2.27. "Owner" means the record owner of legal title to a Unit.

1.2.28. "Phase 1 Lands" means the land described in **Exhibit "A-1"** attached hereto.

1.2.29. "Phase 2 Lands" means the land described in **Exhibit "A-2"** attached hereto.

1.2.30. "Phase 3 Lands" means the land described in **Exhibit "A-3"** attached hereto.

1.2.31. "Phase 4 Lands" means the land described in **Exhibit "A-4"** attached hereto.

1.2.32. "Phase 5 Lands" means the land described in **Exhibit "A-5"** attached hereto.

1.2.33. "Phase 6 Lands" means the land described in **Exhibit "A-6"** attached hereto.

1.2.34. "Phase 7 Lands" means the land described in **Exhibit "A-7"** attached hereto.

1.2.35. "Phase 8 Lands" means the land described in **Exhibit "A-8"** attached hereto.

1.2.36. "Phase 9 Lands" means the land described in **Exhibit "A-9"** attached hereto.

1.2.37. "Phase 10 Lands" means the land described in **Exhibit "A-10"** attached hereto.

1.2.38 "Phase" means any of the individual Phase 1, 2, 3, 4, 5, 6, 7, 8, 9, or 10 Lands.

1.2.39. "Northshore Plat Five means that certain plat of Northshore Plat Five recorded in Map Book 32, page 38, of the Flagler County public records as amended.

1.2.40. "Special Assessment" means any assessment levied against Unit Owners other than an assessment required by a budget adopted annually.

1.2.41. "Subsequent Phase Lands" shall mean collectively the Phase 2 Lands, Phase 3 Lands, Phase 4 Lands, Phase 5 Lands, Phase 6 Lands, Phase 7 Lands, Phase 8 Lands, Phase 9 Lands, and Phase 10 Lands.

1.2.42. "The Condominium" or "This Condominium" means The Villas at Hammock Beach, a Condominium.

1.2.43. "Turnover Meeting" refers to the meeting which shall take place at such time as the Unit Owners, other than the Developer, are entitled to elect a majority of the Board of Directors.

1.2.44. "Unit" means a part of the Condominium Property which is to be subject to private ownership as designated in this Declaration of Condominium.

1.2.45. "Utility Service" or "Utility Services" as used in the Condominium Act, construed with reference to this Condominium and as used in this Declaration, the Articles and the Bylaws, shall include any utility or similar service provided to the Condominium, including, but not limited to, cable television, cellular, analog, wireless, digital and other types of telecommunication services, telephone and data transmission, gas, electric, water, trash and sewage disposal.

1.2.46. "Voting Interest" means the voting rights allocated to the Condominium Association members pursuant to the Articles and Bylaws.

1.3 DEVELOPMENT PLAN.

THE VILLAS AT HAMMOCK BEACH, a Condominium, shall be developed as one or more Phases as more fully set forth hereinafter and shall consist of the lands, buildings and improvements as more fully set forth hereinafter.

The construction of this Condominium is not substantially complete, and upon completion, this Declaration shall be amended to include those items specified in Florida Statutes §718.104(4)(e).

ARTICLE II.

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2.1 LEGAL DESCRIPTION.

Developer is the owner in fee simple of the Phase 1 Lands lying in Flagler County, Florida, being submitted to this Declaration, as described and set forth in **Exhibit "A-1"** to this Declaration of Condominium.

2.2 SURVEY.

A survey of the Phase 1 Lands, the graphic descriptions of the improvements in which Units will be located and the plot plan are attached hereto as **Exhibit "B"**. Surveys and plot plan for the Phase 2 Lands, Phase 3 Lands, Phase 4 Lands, Phase 5 Lands, Phase 6 Lands, Phase 7 Lands, Phase 8 Lands, Phase 9 Lands and Phase 10 Lands are attached hereto as **Exhibit "B."**

The surveys of the Phase 1 Lands, Phase 2 Lands, Phase 3 Lands, Phase 4 Lands, Phase 5 Lands, Phase 6 Lands, Phase 7 Lands, Phase 8 Lands, Phase 9 Lands and Phase 10 Lands were prepared and certified by Tomoka Engineering, registered land surveyors in the State of Florida. The graphic description was prepared by Developer's in-house registered Florida architect. The plot plan was prepared by Gee & Jenson, Inc., registered Florida engineers.

The certificate of surveyor or statement for the Phase 1 Lands required by Section 718.104(4)(e) of the Act is attached hereto as **Exhibit B-1** (the "Phase 1 Surveyor's Certificate").

2.3 ALTERATION OF BOUNDARIES AND PLOT PLAN.

Prior to recordation of this Declaration, Developer reserves the right to alter the boundaries between Units and the right to change interior design and arrangements of any or all Units and to alter the boundaries of the Common Elements and Limited Common Elements. Developer reserves the right to make changes to the plot plan, floor plans, graphic descriptions and other provisions with respect to the Phase 2 Lands, Phase 3 Lands, Phase 4 Lands, Phase 5 Lands, Phase 6 Lands, Phase 7 Lands, Phase 8 Lands, Phase 9 Lands and Phase 10 Lands as described in Article III, Section 3.10. Subject to approval by the Unit Owners, whose Units are being combined, contiguous Units may be combined as long as the number of Units and their appurtenant percentage of ownership in Common Elements and Limited Common Elements, as provided in this Declaration of Condominium as recorded, do not change.

Developer reserves the right to make nonmaterial changes in the legal description of the Condominium Property.

ARTICLE III.3.1 IDENTIFICATION OF PHASE 1 BUILDING AND UNITS.

In Phase 1, there will be six (6) Units which shall be designated by Unit number only. The number of Phase 1 Units may vary as provided in Section 3.10.2. The Phase 1 Units are generally described in this Article III.

3.2 IDENTIFICATION OF PHASE 1 BUILDING AND UNITS.

A graphic description of the Phase 1 building, as well as each Unit type, is attached hereto as **Exhibit "B"**. A survey of the Phase 1 Land, plot plan and elevations of the improvements are also included within **Exhibit "B"**. The Phase 1 Unit floor plans are attached hereto as "**Exhibit C**". These Exhibits, together with this Declaration, identify each Phase 1 Unit, Common Elements, Limited Common Elements, their relative locations and approximate dimensions.

3.3 BOUNDARIES OF INDIVIDUAL UNITS.

The respective Units shall not be deemed to include the undecorated and/or unfinished surfaces of the perimeter walls, floors and/or ceiling surrounding each Unit or space lying behind the undecorated or unfinished inner surface of any interior columns, floors, bearing walls and/or floor slabs or partitions, or any pipes, wires, conduits or other utility lines running through each Unit which are utilized for or serve any other Units, Common Elements or Limited Common Elements. Each Unit shall be bounded as to both horizontal and perimetrical boundaries as below defined, whether the same exist now or are created by construction, settlement of the building or permissible repairs, reconstruction or movement of alterations. The boundaries shall be determined in the following manner: (1) Horizontal Boundaries: (a) Upper Boundary - the underside of the finished undecorated ceiling of the Unit, extended to meet the perimetrical boundaries; (b) Lower Boundary - the upper side of the concrete slab upon which the Unit is affixed, extended to meet the perimetrical boundaries and (2) Perimetrical Boundaries - the perimetrical boundaries shall be the interior surfaces of the perimeter walls of the Unit. Included in the Units are all glass material in the walls or windows of a Unit, the screen in windows and doors, and the materials covering other openings in the exterior of the Units. "Unit" shall be deemed to include any utility room or storage room servicing just one Unit although access to the room may be off of an exterior hallway. All heating and cooling equipment, wiring, ducts, thermostats, conduits and related fixtures that exclusively serve a Unit shall be considered to be part of such Unit. Square footage of the Units, as may be represented in the sales brochures, is calculated as a result of including the width of the exterior walls and one-half the width of interior walls common to more than one Unit. Although this is a common architectural method of measuring square footage, for an accurate representation of the square footage, measurements should take into consideration the description of the boundaries of the individual Units as set forth above. All dimensions shown on the floor plans attached hereto as **Exhibit "C"** are taken at the greatest points of each given room. Actual inside dimensions of a Unit may vary as a result of construction.

3.4 EASEMENTS.

Each Unit shall have as an appurtenance thereto, and be subject to, nonexclusive easements in the Common Elements designated for such purposes as, including, but not limited to, ingress to, egress from, utilities services for, and support, maintenance and repair of each Unit and in any offsite easements benefitting the Condominium Property including, but not limited to, the easements established by (i) that certain Declaration of Easements made by Northshore Investment as recorded in Official Records Book 780, page 252, of the public records of Flagler County, Florida (the "Declaration of Easements"), a copy of which is attached hereto as **Exhibit D**, and which, pursuant to paragraph 1 thereof, provides certain non-exclusive parking easements over Parcel B of Northshore Plat Five and the improvements thereon, which improvements are to be constructed and maintained by Northshore Investment, at Northshore Investment's cost and expense, the location of which is shown on the plot plan, for the non-exclusive benefit of the Condominium Property Unit Owners and which, pursuant to paragraph 2 thereof, provides certain non-exclusive ingress and egress easements over Parcel E and the improvements thereon, including Ocean Crest Drive, the Ocean Crest Drive Extension and that certain 24 foot Ingress and Egress Easement described in the Declaration of Easements as the Loop Road (the "Loop Road"), the locations of which are shown on Northshore Plat Five and the plot plan, such improvements to be constructed by Northshore Investment and thereafter maintained by the Master Association and assessed to Unit Owners, pursuant to the Declaration of Easement and that certain Supplemental Declaration as recorded in Official Records Book 780, page 248, of the public records of Flagler County, Florida (the "Master Declaration Supplement"), as part of the Master Association's assessments described in Article XXI of this Declaration, and providing non-exclusive ingress and egress to and from the Condominium Property to Ocean Crest Drive, the Ocean Crest Drive Extension, the Loop Road all as shown on Northshore Plat Five and the plot plan; (ii) the Parcel 14 Declaration of Easement made by Northshore Investment as recorded in Official Records Book 780, page 260, of the Public Records of Flagler County, Florida (the "Parcel 14 Easement") a copy of which is attached hereto as **Exhibit D**, and which provides ingress and egress easements from the Loop Road to Parcel 14, the location of which is shown on the plot plan, over the improvements constructed thereon and which improvements will be maintained by the Association and assessed to the Unit Owners; (iii) the Master Declaration; and (iv) the Cost Share Declaration. The Association, through its Board, upon a majority vote, shall have the power to grant additional nonexclusive easements so long as they do not encroach upon a Unit. If any part of the Common Elements or Limited Common Elements encroach upon any Unit or any Unit encroaches upon a Common Element or a Limited Common Element, a valid easement for such encroachment and the maintenance thereof, so long as it continues, shall and does exist. The Association shall have the irrevocable right to enter into each Unit as provided in Article V, Section 5.5. Any and all easements described in this Section 3.4 may also, but are not required to, benefit other persons and entities that are not Unit Owners or the Condominium Association.

In the event all or a portion of the Condominium is partially or totally destroyed, and then rebuilt, the owners of the Units agree that encroachments of parts of the Common Elements or Limited Common Elements or Units, due to construction, shall be permitted and that a valid

easement for said encroachments and the maintenance thereof shall exist. Developer shall, in perpetuity, have the right to grant easements to provide Utility Service, storm drainage and retention and ingress and egress to and over the Condominium Property.

Developer expressly reserves an assignable perpetual, non-exclusive easement for ingress and egress and for all utility installation and maintenance over, across and under all the roadways and parking areas as shown on the plot plan for the Condominium for any purposes.

The Condominium Property shall be subject to such other easements as may be determined by the Association or required to properly and adequately serve the Condominium Property as it exists from time to time. Each of said easements, whether heretofore or hereafter created, shall constitute covenants running with the land of the Condominium and, notwithstanding any other provisions of this Declaration, may not be substantially amended or revoked in such a way as to unreasonably interfere with its proper and intended use and purpose and shall survive the termination of the Condominium. To the extent that the creation of any such easements requires the joinder of Unit Owners, the Association, by its duly authorized officers, may, as the agent and/or the attorney-in-fact for the Unit Owners, execute, acknowledge and deliver such instruments; and the Unit Owners, by the acceptance of deeds to their Units, irrevocably nominate, constitute and appoint the Association, through its duly authorized officers, as their proper and legal agent and attorney-in-fact for such purpose. Said appointment is coupled with an interest and is therefore irrevocable. Any such instrument executed pursuant to this Article shall recite that it is made pursuant to this Article.

Developer hereby reserves for itself, its successors, nominees and assigns an easement over the Condominium Property, exclusive of any Units not owned by it, for any activity that Developer determines, in its sole and absolute discretion, to be necessary or appropriate to consummate the marketing, sale, lease or rental of any Unit, including, but not limited to, the right to maintain models, post signs, use employees in the models, or use or permit the use of the Common Elements or Limited Common Elements and such activities are hereby expressly authorized and permitted.

Developer hereby reserves, for itself, its successors, nominees and assigns, and grants the Owner of the Subsequent Phase Lands for the benefit of Subsequent Phase Lands regardless of whether Subsequent Phase Lands are added to this Condominium, and their Guests, tenants, servants, agents, licensees and invitees, a perpetual non-exclusive ingress, egress and access easement over and across the Common Elements (and the Limited Common Elements, but only for the Developer and its successors, nominees and assigns, excluding the Balcony portion of any Limited Common Elements). The Developer further reserves for itself and grants to the Owners of Subsequent Phase Lands, for the benefit of the Subsequent Phase Lands, an easement for construction, support, utilities and any other necessary easement over the Common Elements (and the Limited Common Elements, but only for the Developer and its successors, nominees and assigns, excluding the Units and the Balcony portion of any Limited Common Elements), wherever located, necessary to allow the Developer or the owner of the Subsequent Phase Lands to develop, construct and maintain improvements or to provide utilities and Utility Services upon the Subsequent Phase Lands, regardless of whether such Subsequent Phase Lands are added to the Declaration, including, but not

limited to, those easements declared by Northshore Investment in the Declaration of Easements. The foregoing easements shall include the right of the beneficiary of such easement to enter into license agreements, easement agreements, lease agreements or other agreements with Utility Service providers to construct, install, operate, maintain, repair and replace such Utility Service equipment and facilities associated with the provision of such Utility Services, including, but not limited to, any telecommunications transmission and receiving equipment, structures, cables and conduit within the portions of the Condominium Property, subject to such Utility Service easements or utility easements, including, but not limited to, the Common Elements and Limited Common Elements, excluding the Units and the Balcony portion of any Limited Common Elements. The foregoing easements may be utilized for all proper and normal purposes, including, but not limited to, the furnishing of any and all services and facilities and the movement of construction materials and equipment (including, but not limited to, use of any tower cranes or related equipment within the air space above the Condominium Buildings and improvements) in connection with the construction, operation and maintenance of any improvements on the Subsequent Phase Lands. The easements granted by this paragraph are covenants running with the land as to both the Condominium and the Subsequent Phase Lands. Such easements allow construction activities, which may cause noise, dust, interruption of normal Condominium operations and use of Condominium Property or Units and other related disturbances or inconvenience during such construction activities or easement use. Developer, with the written consent of Northshore Investment, while Northshore Investment owns any of the Subsequent Phase Lands, further reserves the right to terminate any of the rights created by this paragraph, which termination shall not require the consent of any person(s) other than Northshore Investment or its successors or assigns, while Northshore Investment owns any of the Subsequent Phase Lands, and shall automatically be exercised at such time as Developer records a Notice of Termination regarding the rights created by this paragraph, together with the consent of Northshore Investment or its successors or assigns, while Northshore Investment owns any of the Subsequent Phase Lands, among the public records of Flagler County, Florida. As of the date hereof, Developer is the fee simple owner of all of the Condominium. However, it is Developer's intent that the rights created by this paragraph not merge with Developer's fee simple interest in the Condominium; instead, Developer, as well as any person or persons hereafter possessing any right, title and interest in the Subsequent Phase Lands shall be entitled to exercise the rights created by this paragraph, unless and until such rights are terminated by Developer as provided above.

Developer reserves for itself, the Master Association and their designees an easement and a right on, over and upon the ground within the Condominium Property to maintain and direct drainage of surface water and other erosion controls in order to maintain reasonable standards of safety and appearance. Such right expressly includes the right to cut any trees, bushes or shrubbery, establish or alter any grading of soil and landscaping or take any other reasonably similar action. Developer, the Master Association or their designees shall give reasonable notice of their intent to take such action as to all directly affected Owners, if any, unless, in the opinion of Developer, the Master Association or their designees determine (i) an emergency exists which precludes such notice or (ii) there are no directly affected Owners. The rights granted hereunder may be exercised at the sole option of Developer, the Master Association or their designees and shall not be construed to

obligate Developer, the Master Association or their designees to take any affirmative action in connection therewith.

3.5 COMMON ELEMENTS.

The Common Elements shall include the land and all other parts or facilities of the Condominium, which are not within the above-described Units, and tangible personal property required for the Operating of the Condominium. Common Elements also includes, without limitation, the following:

3.5.1 All of the real property and improvements of the Condominium except the Units;

3.5.2 Easements through Units, Common Elements and Limited Common Elements for conduits, pipes, ducts, vents, plumbing, wiring and other facilities, equipment and/or fixtures for the furnishing of Utility Services, heating and cooling and/or ventilation to Units and Common Elements and Limited Common Elements;

3.5.3 Easements of support in every portion of a Unit which contribute to the support of other Units and/or Common Elements, Limited Common Elements and/or the Phase 2 Lands or Units, the Phase 3 Lands or Units, the Phase 4 Lands or Units, the Phase 5 Lands or Units, the Phase 6 Lands or Units, Phase 7 Lands or Units, Phase 8 Lands or Units, Phase 9 Lands or Units and Phase 10 Lands or Units;

3.5.4 The property and the installations required for the furnishing of Utility Services to more than one (1) Unit or to the Common Elements, specifically excluding; however, any utility main lines, force mains or collection lines and meters owned and maintained by the utility company servicing the Condominium Property and excluding any Unit containing the installation;

3.5.5 The property and installations utilized for the furnishing of services to more than one (1) Unit or to the Common Elements and/or the Limited Common Elements;

3.5.6 The riparian and/or littoral rights, appertaining to the Condominium Property, if any;

3.5.7 Fixtures owned or held for the common use, benefit and enjoyment of all Unit Owners;

3.5.8 Walkways, driveways, covered entrances and verandas located within the Condominium Property;

3.5.9 Handicap parking spaces or parking areas located within the Condominium Property, except as such handicapped parking spaces or parking areas are designated as handicapped parking area Limited Common Elements for use of specific handicapped Unit Owners, as described in Article III, Section 3.6 below;

3.5.10 Any parking spaces or parking areas specifically designated by Developer as Common Elements; and

3.5.11 Any easements established by this Declaration or any other document, including, but not limited to, the Declaration of Easements, the Parcel 14 Easement, the Master Declaration and the Cost Share Declaration.

3.6 LIMITED COMMON ELEMENTS

3.6.1 Parking.

3.6.1.1 Parking for Unit Owners on Phase 1/Parcel 10. The Condominium Building located on Parcel 10 shall contain six (6) garages each consisting of two (2) covered parking spaces. One (1) garage containing two (2) covered parking spaces shall be assigned to each Unit in the Condominium Building located on Parcel 10, as shown on the floor plans and graphic descriptions attached to this Declaration as **Exhibit B** and **C**. All of these Parcel 10 parking spaces shall be treated as Limited Common Elements for the exclusive use of the assigned Owners of Units in the condominium building located on Parcel 10, and their Guests. The Condominium Association shall maintain these Limited Common Elements, except for the garage door opener and related garage door opening mechanisms and machinery and the interior of the garage (other than structural elements), which shall be maintained by the Unit Owner assigned such covered parking spaces at the Unit Owner's expense, as provided in this Declaration, Article V, Section 5.3, and the Condominium Association shall assess its costs and expenses to maintain the same to all Unit Owners as part of the Common Expenses as provided in this Declaration, Article V, Section 5.4, and Article VI, Sections 6.2 and 6.3. All parking shall be used in accordance with the rules and regulations promulgated from time to time by the Condominium Association.

3.6.1.2 Parking for Unit Owners on Phase 2/Parcel 11. If Phase 2 is submitted to the Condominium, the Condominium Building located on Parcel 11 shall contain twenty (20) unassigned, covered parking spaces in one garage, and twenty (20) unassigned, uncovered surface parking spaces located adjacent to the Condominium Building located on Parcel 11, all as shown on the graphic descriptions, floor plans and plot plan to be attached to this Declaration as an Amendment to this Declaration if and when Phase 2 is added to the Condominium. Developer reserves the right to change the location of the parking spaces and garages shown on the floor plans, plot plan and graphic descriptions. All of these parking spaces shall be treated as Limited Common Elements for the exclusive use of the Owners of Units in the Condominium Building located on Parcel 11 and their Guests. The Condominium Association shall maintain these Limited Common Elements and shall assess its costs and expenses of maintaining the same to all Unit Owners as part of the Common Expenses as provided in this Declaration, Article V, Section 5.4 and Article VI, Sections 6.2 and 6.3. Developer may designate any of these parking spaces as handicap spaces from time to time as necessary or appropriate to accommodate handicapped Owners of Units in the Condominium Building located on Parcel 11. Each Phase 2/Parcel 11 Unit Owner, or their Guests, may only park one vehicle in a covered parking space and one additional vehicle in an uncovered

parking space constituting the Parcel 11 Limited Common Elements. All parking shall be used in accordance with the rules and regulations promulgated from time to time by the Condominium Association.

3.6.1.3 Parking for Unit Owners on Phase 3/Parcel 12. If Phase 3 is submitted to the Condominium, the Condominium Building located on Parcel 12 shall contain twenty (20) unassigned covered parking spaces in one garage and twenty (20) unassigned surface parking spaces located adjacent to the Condominium Building located on Parcel 12, all as shown on the graphic descriptions, floor plans and plot plan to be attached hereto as an Amendment to this Declaration if and when Phase 3 is added to the Condominium. Developer reserves the right to change the location of the parking spaces and garages shown on the floor plans, graphic descriptions and plot plan. All of these Parcel 12 parking spaces shall be treated as Limited Common Elements for the exclusive use of the Owners of Units in the Condominium Building location on Parcel 12, and their Guests. The Condominium Association shall maintain these Limited Common Elements and shall assess its costs and expenses of maintaining the same to all Unit Owners as part of the Common Expenses, as provided in this Declaration, Article V, Section 5.4, and Article VI, Sections 6.2 and 6.3. The Developer may designate any of these parking spaces as handicap spaces from time to time as necessary or appropriate to accommodate handicapped Owners of Units in the Condominium Building located on Parcel 12. Each Phase 3/Parcel 12 Unit Owner, or their Guests, may only park one vehicle in a covered parking space and one additional vehicle in an uncovered parking space constituting the Parcel 12 Limited Common Elements. All parking shall be used in accordance with the rules and regulations promulgated from time to time by the Condominium Association.

3.6.1.4 Parking for Units Owners on Phase 4/Parcel 9. If Phase 4 is submitted to the Condominium, the Condominium Building located on Parcel 9 shall contain six (6) garages each consisting of two (2) covered parking spaces. One (1) garage containing two (2) covered parking spaces shall be assigned to each Unit in the Condominium Building located on Parcel 9, all as shown on the floor plans and graphic descriptions to be attached hereto as an Amendment to this Declaration if and when Phase 4 is added to the Condominium. Developer reserves the right to change the location or assignment of the parking spaces and garages shown on the floor plans, graphic description and plot plan. All of these Parcel 9 parking spaces shall be treated as Limited Common Elements for the exclusive use of the assigned Owners of Units in the Condominium Building located on Parcel 9, and their Guests. The Condominium Association shall maintain these Limited Common Elements, except for the garage door opener and related garage door opening mechanisms and machinery, and the interior of the garage (other than structural elements), which shall be maintained by the Unit Owner assigned such covered parking spaces, at the Unit Owner's expense, as provided in this Declaration, Article V, Section 5.3, and the Condominium Association shall assess its costs and expenses to maintain the same to all Unit Owners as part of the Common Expenses as provided in this Declaration, Article V, Section 5.4, and Article VI, Sections 6.2 and 6.3. All parking shall be used in accordance with the rules and regulations promulgated from time to time by the Condominium Association.

3.6.1.5 Parking for Unit Owners on Phase 5/Parcel 13. If Phase 5 is submitted to the Condominium, the Condominium Building located on Parcel 13 shall contain twenty (20) unassigned covered parking spaces in one (1) garage, and twenty (20) unassigned surface parking spaces located adjacent to the Condominium Building located on Parcel 13, all as shown on the graphic descriptions, floor plans and plot plan to be attached hereto as an Amendment to this Declaration if and when Phase 5 is added to the Condominium. Developer reserves the right to change the location of the parking spaces and garages shown on the floor plans, graphic descriptions and plot plan. All of these Parcel 13 parking spaces shall be treated as Limited Common Elements for the exclusive use of the Owners of Units in the Condominium Building located on Parcel 13 and their Guests. The Condominium Association shall maintain these Limited Common Elements and shall assess its costs and expenses of maintaining the same to all Unit Owners as part of the Common Expenses, as provided in this Declaration, Article V, Section 5.4, and Article VI, Sections 6.2 and 6.3. The Developer may designate any of these parking spaces as handicap spaces from time to time as necessary or appropriate to accommodate handicapped Owners of Units in the Condominium Building located on Parcel 13. Each Phase 5/Parcel 13 Unit Owner, or their Guests, may only park one vehicle in a covered parking space and one additional vehicle in an uncovered parking space constituting the Parcel 13 Limited Common Elements. All parking shall be used in accordance with the rules and regulations promulgated from time to time by the Condominium Association.

3.6.1.6 Parking for Unit Owners on Phase 6/Parcel 8. If Phase 6 is submitted to the Condominium, the Condominium Building located on Parcel 8 shall contain six (6) garages each consisting of two (2) covered parking spaces. One (1) garage containing two (2) covered parking spaces shall be assigned to each Unit in the Condominium Building located on Parcel 8, all as shown on the floor plans and graphic descriptions to be attached hereto as an Amendment to this Declaration if and when Phase 6 is added to the Condominium. Developer reserves the right to change the location or assignment of the parking spaces and garages shown on the floor plans, graphic description and plot plan. All of these Parcel 8 parking spaces shall be treated as Limited Common Elements for the exclusive use of the assigned Owners of Units in the Condominium Building located on Parcel 8, and their Guests. The Condominium Association shall maintain these Limited Common Elements, except for the garage door opener and related garage door opening mechanisms and machinery, and the interior of the garage (other than structural elements), which shall be maintained by the Unit Owner assigned such covered parking spaces, at the Unit Owner's expense, as provided in this Declaration, Article V, Section 5.3, and the Condominium Association shall assess its costs and expenses to maintain the same to all Unit Owners as part of the Common Expenses as provided in this Declaration, Article V, Section 5.4, and Article VI, Sections 6.2 and 6.3. All parking shall be used in accordance with the rules and regulations promulgated from time to time by the Condominium Association.

3.6.1.7 Parking for Unit Owners on Phase 7/Parcel 7. If Phase 7 is submitted to the Condominium, the Condominium Building located on Parcel 7 shall contain six (6) garages each consisting of two (2) covered parking spaces. One (1) garage containing two (2) covered parking spaces shall be assigned to each Unit in the Condominium Building located on Parcel 7, all as shown on the floor plans and graphic descriptions to be attached hereto as an Amendment to this

Declaration if and when Phase 7 is added to the Condominium. Developer reserves the right to change the location or assignment of the parking spaces and garages shown on the floor plans, graphic description and plot plan. All of these Parcel 7 parking spaces shall be treated as Limited Common Elements for the exclusive use of the assigned Owners of Units in the Condominium Building located on Parcel 7, and their Guests. The Condominium Association shall maintain these Limited Common Elements, except for the garage door opener and related garage door opening mechanisms and machinery, and the interior of the garage (other than structural elements), which shall be maintained by the Unit Owner assigned such covered parking spaces, at the Unit Owner's expense, as provided in this Declaration, Article V, Section 5.3, and the Condominium Association shall assess its costs and expenses to maintain the same to all Unit Owners as part of the Common Expenses as provided in this Declaration, Article V, Section 5.4, and Article VI, Sections 6.2 and 6.3. All parking shall be used in accordance with the rules and regulations promulgated from time to time by the Condominium Association.

3.6.1.8 Parking for Unit Owners on Phase 8/Parcel 14. If Phase 8 is submitted to the Condominium, the Condominium Building located on Parcel 14 shall contain twenty (20) unassigned covered parking spaces in one (1) garage, and twenty (20) unassigned surface parking spaces located adjacent to the Condominium Building located on Parcel 14, all as shown on the graphic descriptions, floor plans and plot plan to be attached hereto as an Amendment to this Declaration if and when Phase 8 is added to the Condominium. Developer reserves the right to change the location of the parking spaces and garages shown on the floor plans, graphic descriptions and plot plan. All of these Parcel 14 parking spaces shall be treated as Limited Common Elements for the exclusive use of the Owners of Units in the Condominium Building located on Parcel 14 and their Guests. The Condominium Association shall maintain these Limited Common Elements and shall assess its costs and expenses of maintaining the same to all Unit Owners as part of the Common Expenses, as provided in this Declaration, Article V, Section 5.4, and Article VI, Sections 6.2 and 6.3. The Developer may designate any of these parking spaces as handicap spaces from time to time as necessary or appropriate to accommodate handicapped Owners of Units in the Condominium Building located on Parcel 14. Each Phase 8/Parcel 14 Unit Owner, or their Guests, may only park one vehicle in a covered parking space and one additional vehicle in an uncovered parking space constituting the Parcel 14 Limited Common Elements. All parking shall be used in accordance with the rules and regulations promulgated from time to time by the Condominium Association.

3.6.1.9 Parking for Unit Owners on Phase 9/Parcel 6. If Phase 9 is submitted to the Condominium, the Condominium Building located on Parcel 6 shall contain six (6) garages each consisting of two (2) covered parking spaces. One (1) garage containing two (2) covered parking spaces shall be assigned to each Unit in the Condominium Building located on Parcel 6, all as shown on the floor plans and graphic descriptions to be attached hereto as an Amendment to this Declaration if and when Phase 9 is added to the Condominium. Developer reserves the right to change the location or assignment of the parking spaces and garages shown on the floor plans, graphic description and plot plan. All of these Parcel 6 parking spaces shall be treated as Limited Common Elements for the exclusive use of the assigned Owners of Units in the Condominium Building located on Parcel 6, and their Guests. The Condominium Association shall maintain these

Limited Common Elements, except for the garage door opener and related garage door opening mechanisms and machinery, and the interior of the garage (other than structural elements), which shall be maintained by the Unit Owner assigned such covered parking spaces, at the Unit Owner's expense, as provided in this Declaration, Article V, Section 5.3, and the Condominium Association shall assess its costs and expenses to maintain the same to all Unit Owners as part of the Common Expenses as provided in this Declaration, Article V, Section 5.4, and Article VI, Sections 6.2 and 6.3. All parking shall be used in accordance with the rules and regulations promulgated from time to time by the Condominium Association.

3.6.1.10 Parking for Unit Owners on Phase 10/Parcel 5. If Phase 10 is submitted to the Condominium, the Condominium Building located on Parcel 5 shall contain six (6) garages each consisting of two (2) covered parking spaces. One (1) garage containing two (2) covered parking spaces shall be assigned to each Unit in the Condominium Building located on Parcel 5, all as shown on the floor plans and graphic descriptions to be attached hereto as an Amendment to this Declaration if and when Phase 10 is added to the Condominium. Developer reserves the right to change the location or assignment of the parking spaces and garages shown on the floor plans, graphic description and plot plan. All of these Parcel 6 parking spaces shall be treated as Limited Common Elements for the exclusive use of the assigned Owners of Units in the Condominium Building located on Parcel 5, and their Guests. The Condominium Association shall maintain these Limited Common Elements, except for the garage door opener and related garage door opening mechanisms and machinery, and the interior of the garage (other than structural elements), which shall be maintained by the Unit Owner assigned such covered parking spaces, at the Unit Owner's expense, as provided in this Declaration, Article V, Section 5.3, and the Condominium Association shall assess its costs and expenses to maintain the same to all Unit Owners as part of the Common Expenses as provided in this Declaration, Article V, Section 5.4, and Article VI, Sections 6.2 and 6.3. All parking shall be used in accordance with the rules and regulations promulgated from time to time by the Condominium Association.

3.6.2 Patios, Balconies, Decks and Porches. Any patio, balcony, deck, porch and related fixtures and equipment, if any, appurtenant to a particular Unit (collectively, the "Balcony"), as shown on the graphic descriptions attached hereto as **Exhibit "B"** and the floor plans attached hereto as **Exhibit "C"**, shall be a Limited Common Element for the exclusive use of such Unit Owner or their Guests.

3.6.3 Use of Limited Common Elements. The above facilities constitute Limited Common Elements and, as such, are reserved for the exclusive use of the designated Unit Owners and their Guests, to the exclusion of the other Unit Owners and their Guests, as applicable, and there shall pass with title to each such Unit, such use rights with respect to such designated Limited Common Elements are appurtenant to such Unit. Limited Common Elements reserved for the exclusive use of the designated Unit Owners and their Guests, to the exclusion of the other Unit Owners and their Guests, are collectively referred to as the "Limited Common Elements."

3.7 APPURTENANCES.

Each Unit shall have appurtenant thereto an undivided interest, as hereinafter set forth, in the Common Elements, the Common Expenses, the Common Surpluses and the Limited Common Elements appurtenant to the Unit as provided for in this Declaration. The fee title to each Unit shall include both the Unit and the undivided interest in the Common Elements, the Limited Common Elements and the Common Surpluses; and said undivided interest shall be deemed to be conveyed or encumbered with its respective Unit even though the description in the instrument of conveyance or encumbrances may refer only to the fee title of that Unit. The Unit Owners' memberships in the Condominium Association shall be appurtenant to the Unit and such membership shall be governed by the terms of this Declaration, the Articles, Bylaws and rules and regulations of the Condominium Association, as all of the same may be amended, modified or supplemented from time to time.

3.8 RESTRAINT UPON SEPARATION AND PARTITION OF COMMON ELEMENTS AND LIMITED COMMON ELEMENTS.

The shares in the Common Elements and Limited Common Elements appurtenant to Units shall remain undivided, and no action for partition shall lie. A share in the Common Elements and Limited Common Elements appurtenant to a Unit cannot be conveyed or encumbered except together with the Unit. The undivided share in the Common Elements and the Limited Common Elements which is appurtenant to a Unit shall not be separated therefrom and shall pass with title to a Unit whether or not separately described. Any attempt to separate the fee title to a Unit from the undivided interest in the Common Elements, the Limited Common Elements and/or the Common Surpluses appurtenant to such Unit shall be null and void.

3.9 NO TIMESHARE ESTATES.

Timeshare estates may not be created in any Unit by any person or entity in any Phase of the Condominium. Provided, however, the Units may be owned by a partnership, limited liability company or other joint ownership arrangement and all partners, members, managers or joint owners shall have the right to use the Unit on such basis as the partners, members, managers or joint owners may agree, subject to the requirements of the Declaration, including but not limited to the rules and regulations of the Condominium Association.

3.10 PHASE DEVELOPMENT.

3.10.1 Developer is developing this Condominium in phases as authorized by Section 718.403 of the Condominium Act. The Phase 1 Lands, described on **Exhibit "A-1"**, constitutes the initial Phase of the Condominium ("Phase 1"). Developer may add all or a part, and in any order, of the Phase 2 Lands, Phase 3 Lands, Phase 4 Lands, Phase 5 Lands, Phase 6 Lands, Phase 7 Lands, Phase 8 Lands, Phase 9 Lands and/or Phase 10 Lands, more fully described in **Exhibits A-2, A-3, A-4, A-5, A-6, A-7, A-8, A-9, and A-10** attached hereto and made a part hereof, to the Condominium within seven (7) years from the date this Declaration is recorded, by recording among

the public records of Flagler County an amendment (the "Amendment") to this Declaration which adds all or part of the Phase 2 Lands ("Phase 2"), the Phase 3 Lands ("Phase 3"), the Phase 4 Lands ("Phase 4"), the Phase 5 Lands ("Phase 5"), the Phase 6 Lands ("Phase 6"), the Phase 7 Lands ("Phase 7"), the Phase 8 Lands ("Phase 8"), the Phase 9 Lands ("Phase 9"), and/or the Phase 10 Lands ("Phase 10") to the Condominium. Each Amendment shall be signed by Developer and shall not require the joinder of or approval of any person or entity other than the Owner or a Mortgagee of the Subsequent Phase Lands being subjected to this Declaration. Attached hereto as **Exhibit "B"** are a survey and plot plan for the Subsequent Phase Lands which show the approximate locations of all of the proposed buildings and improvements that may be ultimately contained within the Condominium. Developer reserves the right to make changes to the legal descriptions for the Subsequent Phase Lands.

3.10.2 Phase 1. Developer plans to develop the Phase 1 Lands as described in Article III. However, Developer reserves the right to change the number of Units in the Phase 1 Lands to be not less than six (6) Units and not more than seven (7) Units.

3.10.3 Subsequent Phases.

Phase 2 will be located upon Parcel 11 as described in **Exhibit A-2** of this Declaration and will consist of one (1) building and twenty (20) Units. Developer reserves the right to modify the number of Units in Phase 2, provided the minimum number of Phase 2 Units shall be twenty (20) Units and the maximum number of Phase 2 Units shall be twenty-four (24) Units.

Phase 3 will be located upon Parcel 12 as described in **Exhibit A-3** of this Declaration and will consist of one (1) building and twenty (20) Units. Developer reserves the right to modify the number of Units in Phase 3, provided the minimum number of Phase 3 Units shall be twenty (20) Units and the maximum number of Phase 3 Units shall be twenty-four (24) Units.

Phase 4 will be located upon Parcel 9, as described in **Exhibit A-4** of this Declaration, and will consist of one (1) building and six (6) Units. Developer reserves the right to modify the number of Units in Phase 4, provided the minimum number of Phase 4 Units shall be six (6) Units, and the maximum number of Phase 4 Units shall be seven (7) Units. .

Phase 5 will be located upon Parcel 13, as described in **Exhibit A-5** of this Declaration, and will consist of twenty (20) Units and one (1) building. Developer reserves the right to modify the number of Units in Phase 5, provided the minimum number of Phase 5 Units shall be twenty (20) Units and the maximum number of Phase 5 Units shall be twenty-four (24) Units.

Phase 6 will be located upon Parcel 8, as described in **Exhibit A-6** of this Declaration, and will consist of one (1) building and six (6) Units. Developer reserves the right to modify the number of Units in Phase 6, provided the minimum number of Phase 6 Units shall be six (6) Units and the maximum number of Phase 6 Units shall be seven (7) Units.

Phase 7 will be located upon Parcel 7, as described in **Exhibit A-7** of this Declaration and will consist of one (1) building and six (6) Units. Developer reserves the right to modify the number of Units in Phase 7, provided the minimum number of Phase 7 Units shall be six (6) Units and the maximum number of Phase 7 Units shall be seven (7) Units.

Phase 8 will be located on Parcel 14, as described in **Exhibit A-8** of this Declaration and will consist of one (1) building and twenty (20) Units. Developer reserves the right to modify the number of Units in Phase 8, provided the minimum number of Phase 8 Units shall be twenty (20) Units and the maximum number of Phase 8 Units shall be twenty-four (24) Units.

Phase 9 will be located on Parcel 6, as described in **Exhibit A-9** of this Declaration, and will consist of one (1) building and six (6) Units. Developer reserves the right to modify the number of Units in Phase 9, provided the minimum number of Phase 9 Units shall be six (6) Units and the maximum number of Phase 9 Units shall be seven (7) Units.

Phase 10 will be located on Parcel 5 as described in **Exhibit A-10** of this Declaration and will consist of one (1) building and six (6) Units. Developer reserves the right to modify the number of Units in Phase 10, provided the minimum number of Phase 10 Units shall be six (6) Units and the maximum number of Phase 10 Units shall be seven (7) Units.

Developer reserves the right to add the Phases to the Condominium in any particular order.

The Condominium, when all Phases are completed or the Developer has elected not to construct some or all of the Subsequent Phases and/or to submit the same to the Condominium, will have a minimum of six (6) Units. If Developer elects to construct some or all of the Subsequent Phases and to submit the same to the Condominium, and the maximum number of Units in each Phase are constructed, the Condominium will contain a maximum of one hundred thirty-eight (138) Units. Developer reserves the right to increase or decrease the square footage of the Phase 2, 3, 4, 5, 6, 7, 8, 9, and 10 Units, provided any such Subsequent Phase Unit shall not be less than five hundred (500) square feet of heated and air-conditioned space nor more than five thousand (5000) square feet of heated and air-conditioned space.

3.10.4 The undivided share in the Common Elements, Limited Common Elements, Common Expenses and Common Surplus appurtenant to each Unit shall be calculated in accordance with the relationship between the number of square feet contained within such Unit and the total amount of square feet in all the Units in the Condominium. If all or a part of the Subsequent Phase Lands are added to the Condominium, the undivided share in the Common Elements, Limited Common Elements, Common Expenses and Common Surplus will be calculated in the above-referenced manner, except that the total square footage will include all the Units in each Phase which are subjected to this Declaration. Further, each Unit in any of the Subsequent Phase Lands shall have the right to use the Common Elements and Limited Common Elements in accordance with this Declaration.

3.10.5 No recreational facilities will be included as Common Elements or Limited Common Elements in the Subsequent Phase Lands. If any Subsequent Phase Lands are not added to the Condominium, all or a portion of such Subsequent Phase Lands may be developed as a mixed use residential and commercial development or a residential or commercial development, which is apart and separate from this Condominium and not subject to the provisions of this Declaration, whether as a condominium or non-condominium development. The developer of the Subsequent Phase Lands may be a person or an entity other than Developer. Any developer of the Subsequent Phase Lands that is different than Developer shall not be liable for any defaults or obligations incurred by any prior developer, including, but not limited to, Developer, except as the same are expressly assumed by the successor, subsequent or concurrent developer.

3.10.6 If Subsequent Phase Lands are added to the Condominium, each Unit Owner in such Phase shall be a member of the Association and be entitled to vote in accordance with the Articles and Bylaws.

3.10.7 Developer shall notify the Unit Owners of the decision not to add any Subsequent Phase to the Condominium. Notice of the decision not to add a Subsequent Phase shall be given to each Unit Owner by mail to the Unit Owner's address or at the last known address. If a Subsequent Phase is not added to the Condominium, the Unit Owners in the Phases subject to this Declaration shall be entitled to one hundred percent (100%) ownership of all Common Elements and Limited Common Elements of the Condominium Property then subject to this Declaration.

3.10.8 Developer reserves the absolute right, in its sole and absolute discretion, to decide whether or not to add a Subsequent Phase to the Condominium. Therefore, notwithstanding anything herein to the contrary, no portion of the Subsequent Phase Lands shall (i) be encumbered or in any way affected by this Declaration; or (ii) be part of the Condominium, unless and until such portion of the Subsequent Phase Land is added to this Declaration by recordation of an Amendment to this Declaration among the public records of Flagler County, Florida, which Amendment has been signed by Developer but which Amendment will not require the consent of any Association Board Members, any Unit Owners.

ARTICLE IV.

4.1 ALLOCATION OF OWNERSHIP INTEREST. Unit Owners shall have an undivided interest in and to the Common Elements, Limited Common Elements, Common Expenses and Common Surpluses of the Condominium for Phase 1 as set forth on **Exhibit "E"** attached hereto. The allocation of percentage of ownership in the Common Elements, Limited Common Elements, Common Expenses and Common Surpluses have been analyzed and assigned to each Unit based upon the total square footage of each Unit in uniform relationship to the total square footage of all Units in the Condominium. Subject to the limitations of Section 3.10.8 above, if Developer, in its sole discretion, adds any portion of the Subsequent Phase Lands to the Condominium, the Unit Owners shall have an undivided interest in and to the Common Elements, Limited Common Elements, Common Expenses, and Common Surpluses of the Condominium as set forth on the

Amended Exhibit "E" to be attached to this Declaration as an Amendment to this Declaration, if and when any portion of the Subsequent Phases are added to the Condominium. A proposed form of Amended Exhibit "E" for Phases 2, 3, 4, and 5 is attached hereto as **Exhibit "E-1."** However, if Phases 2, 3, 4, and/or 5 are added by the Developer in a different order or if some of such Phases 2, 3, 4, and/or 5 are not added to the Condominium, the percentage ownership set forth on Exhibit "E-1" may differ from the percentages stated therein, provided, in all events, the allocation of percentage of ownership in the Common Elements, Limited Common Elements, Common Expenses and Common Surpluses assigned to each Unit will be based upon the total square footage of each Unit in uniform relationship to the total square footage of all Units in the Condominium.

ARTICLE V.

5.1 MAINTENANCE, ALTERATION AND IMPROVEMENT.

Responsibility for Operating the Condominium Property, and restrictions upon the alteration and improvement thereof, shall be as follows:

5.2 UNITS - CONDOMINIUM ASSOCIATION'S RESPONSIBILITIES.

The Condominium Association shall maintain, repair and replace at the Condominium Association's expense:

5.2.1 all exterior portions of a Unit, including, without limitation, the outside walls of the Condominium Building, all fixtures on its exterior, garage doors, boundary walls of Units, all load bearing walls, partitions, floors and columns which affect the structural integrity of the building, whether contained in a Unit or not.

5.2.2 all conduits, ducts, plumbing, wiring and other facilities for the furnishing of Utility Services, which are contained in the portions of a Unit, that service part or parts of the Condominium other than the Unit within which contained;

5.2.3 all Common Elements and Limited Common Elements, as provided in Section 5.4, except those Limited Common Elements which a Unit owner is expressly obligated to maintain, as set forth in this Declaration; and

5.2.4 all incidental damage caused to a Unit by such work specified in 5.2.1 and 5.2.3 of this subsection.

All repairs and maintenance shall be performed on a periodic schedule and to the standards as recommended by the manufacturer or supplier of the respective component and at such other times as determined to be necessary or appropriate by the Board. All repairs and maintenance shall be performed promptly upon ascertaining the need.

5.3 UNITS - UNIT OWNERS' RESPONSIBILITIES.

The responsibility of the Unit Owner shall be as follows:

5.3.1 To maintain in good condition, repair and replace, at his/her expense all portions of such Unit Owner's Unit, except the portions to be maintained, repaired and replaced by the Association. The portions of a Unit to be maintained, repaired and replaced by the Unit Owner, at his/her expense, shall include, but not be limited to, the following items: appliances such as the cabinets, dishwasher, refrigerator, stove, water heater, air conditioner, heater, floor coverings (except floor slabs), interior fixtures such as electrical and plumbing fixtures, inside paint and other inside wall finishes. Replacement of all broken windows in a Unit shall be the responsibility of the Unit Owner. Operation of mechanical equipment and its installation shall be done in a manner that will not cause annoyance to the residents of other Units. Minimal, or lack of, use of air conditioning or dehumidifiers will likely cause separation or swelling of wood or laminated cabinets, doors, etc., and cause mold and/or mildew to form within the Unit and must be avoided by the Unit Owner. Proper maintenance, in accordance with the manufacturers' instructions, is the responsibility of the Owner of the Unit.

5.3.2 To keep in a good condition, maintain and repair the interior of the Balcony portions of the Limited Common Elements appurtenant to his or her Unit.

5.3.3 To keep in a good condition, maintain and repair, the parking garage and covered parking space portions of the Limited Common Elements appurtenant to his or her Unit consisting of any covered parking spaces and garages reserved exclusively to such Units in Phase 1/Parcel 10, Phase 4/Parcel 9, Phase 6/Parcel 8, Phase 7/Parcel 7, Phase 9/Parcel 6, and Phase 10/Parcel 5, if Phases 4, 6, 7, 9, and/or 10 are submitted to the Declaration, together with the garage door opener and related opening mechanisms and machinery (other than structural elements).

5.3.4 Not to make or cause to be made any structural addition or alteration, modification, penetration of, repair, replacement or change to the Common Elements and/or the Limited Common Elements or to any outside or exterior portion of the building or other structures located on the Condominium Property, whether part of a Unit, the Common Elements or the Limited Common Elements. Notwithstanding the obligation of Unit Owners for maintenance, repair and replacement of their Units, the proceeds of all insurance awards or payments actually received by the Condominium Association under insurance carried by the Condominium Association for loss or damage to or within Units shall be applied against repairs and replacements to the extent that such award or payments exceed the deductible provisions of such insurance.

5.4 COMMON ELEMENTS AND LIMITED COMMON ELEMENTS CONDOMINIUM ASSOCIATION'S RESPONSIBILITIES.

5.4.1 The maintenance, repair and replacement of the Common Elements and the Limited Common Elements shall be the responsibility of the Association; and there shall be no material

alterations or substantial additions to the Common Elements and the Limited Common Elements, except upon an affirmative vote of eighty percent (80%) of the Voting Interests.

5.4.2 The Board may enter into a contract with any firm, person or corporation for the maintenance and repair of the Condominium Property.

5.4.3 No Unit Owner shall make any alterations in the portions of the improvements of the Condominium which are to be maintained by the Association, or remove any portion thereof or make any additions thereto or do any work which would jeopardize the safety or soundness of the Condominium Building containing his/her Unit, or impair any easements.

5.4.4 The Association shall be responsible to provide pest control within each Unit.

5.4.5 The Association shall be responsible for the maintenance, repair and replacement of all exterior surfaces of the Condominium Building, and no Unit Owner shall paint an exterior wall, door, window or any exterior surface without the written consent of the Board of Directors. The prior written consent of Developer shall be required or, in the alternative, an affirmative vote of eighty percent (80%) of the Voting Interests, to a change in the exterior color of the Condominium Buildings, Common Elements or Limited Common Elements, the interior color of the Common Elements or Limited Common Elements, the exterior appearance of the Condominium Buildings, Common Elements, Limited Common Elements or the interior appearance of the Common Elements or the Limited Common Elements. Although a change of color shall be a material alteration, a different tone or hue of paint (because of fading or weathering of original paint) shall not be a material alteration.

5.5 ENFORCEMENT OF MAINTENANCE.

In the event an Owner fails to maintain his/her Unit or Limited Common Elements, as required herein, or makes any alteration or addition without the required consent, or otherwise violates or threatens to violate the provisions of this Declaration relevant to maintenance, alteration and repair, the Association shall have the right to perform such maintenance, remove any unauthorized addition or alteration, and restore the Condominium Property to good repair and condition and charge the Unit Owner therefor. In the event the Unit Owner fails to maintain his/her Unit or the Limited Common Elements, as required herein, or makes any structural addition or alteration, or change without the required consent, or otherwise violates or threatens to violate the provisions hereof, the Association shall also have the right to immediately proceed in a court of competent jurisdiction for an injunction to seek compliance with the provisions hereof. The Association has the irrevocable right of access to each Unit during reasonable hours, when necessary or appropriate, for the maintenance, repair, or replacement of any Common Elements, Limited Common Elements or for making emergency repairs which are necessary or appropriate to prevent damage to the Common Elements, Limited Common Elements or to another Unit or Units.

5.6 DEVELOPER'S RIGHT OF INSPECTION, MAINTENANCE AND REPAIR.

Notwithstanding anything contained in this Declaration to the contrary, for a period of ten (10) years following the recordation of this Declaration, Developer hereby reserves, for its own benefit and the benefit of its successors and assigns, an irrevocable, non-exclusive easement for access in and to all of the Condominium Property for the following purposes and on the following terms and conditions:

5.6.1 Absent emergency or exigent circumstances requiring immediate access to any portion of the Condominium Property, exercise of such right of access shall be preceded by reasonable advance notice to the Association.

5.6.2 Pursuant to the exercise of the access rights granted herein, Developer may inspect the wearing, maintenance, condition or weathering of the Condominium Property or any portion thereof.

5.6.3 Pursuant to the exercise of the access rights granted herein, Developer may (but shall in no way be obligated to do so pursuant to the provisions of this Section 5.6.3 or otherwise, except as required by the Condominium Act or other applicable law to the contrary) elect to perform, at Developer's sole cost and expense (or as otherwise agreed between Developer and the Association or affected Unit Owners) cure or correct any wearing, condition or weathering of the Condominium Property or any portion thereof.

5.6.4 All persons performing inspections or work in and about the Condominium Property for and on behalf of Developer shall take reasonable precautions to minimize interference with the enjoyment, use and occupancy of the Condominium Property by the Unit Owners and other easement beneficiaries.

5.6.5 In the event Developer elects to exercise the right of access set forth herein, Developer may (but shall in no way be obligated to do so) provide the Association recommendations as to the maintenance, care and/or control of the Condominium Property or any portion thereof.

5.6.6 Developer hereby agrees to remove by bonding or otherwise all liens on the Condominium Property filed by contractors, materialmen or laborers performing work and tests for Developer, except to the extent the same are consented to by the Association in advance.

5.6.7 Nothing herein shall be deemed to impose any obligation of inspection, repair and/or maintenance upon Developer, its successors and assigns, nor shall the provisions of this Section 5.6 give rise to any rights or remedies in favor of the Association or any Unit Owner, except the right as expressly set forth herein.

ARTICLE VI.6.1 COMMON EXPENSES AND COMMON SURPLUS.

6.1.1 Common Expenses shall include the expenses of the operation, maintenance, repair and/or replacement of the Common Elements and Limited Common Elements, without limitation, costs of carrying out the powers, duties and obligations of the Association, costs of maintaining any facilities and property owned by the Condominium Association and any other expenses designated as Common Expenses by the Condominium Act, this Declaration, the Articles or the Bylaws. The Common Expenses shall also include the assessments due by the Unit Owners pursuant to the Master Declaration, Cost Share Declaration, the Connector Road Maintenance Agreement, and such assessments collected and assessed by the Association as part of the Common Expenses may be more or less than the amount of such assessments, which may be owed by the Unit Owner directly pursuant to such documentation. The costs of a master antenna television system or duly franchised cable television service obtained pursuant to a bulk contract shall be deemed a Common Expense. Common Expenses also include water and sewer services and pest control provided to the Units, Common Elements and Limited Common Elements, reasonable transportation services, insurance for directors and officers, road maintenance and operation expenses, in-house communications and restricted access or roving patrol services, if any, all of which are reasonably related to the general benefit of the Unit Owners, even if such expenses do not attach to the Common Elements or Condominium Property.

6.1.2 Common Expenses shall be assessed against Unit Owners in the proportions or percentages of ownership of the Common Elements and Limited Common Elements provided in this Declaration, Article IV and the Articles and Bylaws of the Condominium Association attached hereto as **Exhibit F**.

6.1.3 The Common Surplus, if any, shall be owned by Unit Owners in the proportions or percentages of ownership of the Common Elements and Limited Common Elements and shall be applied as a credit towards future assessments.

6.2 DETERMINATION OF ASSESSMENTS.

6.2.1 Each Unit Owner shall pay an amount as specified in each year's operating budget to the Condominium Association for the operation, maintenance, repairs, replacement and restoration of the Condominium, its Common Elements and Limited Common Elements. Said sum or sums are hereinafter referred to as the "Assessments."

6.2.2 The Annual Assessments shall initially be payable monthly in advance by Unit Owners directly to the Condominium Association; however, the Board shall have the power to establish other collection procedures from time to time as provided in the Bylaws, provided such assessments shall not be collected in advance on more than a quarterly basis. Each Unit Owner shall be responsible for a share of the Common Expenses equal to his/her undivided interest in the

Common Elements and Limited Common Elements of the Condominium as set forth in Article IV of this Declaration. Said share shall be paid to the Association in the manner provided in the Articles and Bylaws.

6.3 COLLECTION OF ASSESSMENTS - LIABILITY, INTEREST AND LIENS.

The determination and collection of assessments against Unit Owners for Common Expenses and Limited Common Elements shall be pursuant to Article VIII of the Bylaws subject to the following provisions:

6.3.1 Assessments that are unpaid for over ten (10) days after due date shall bear interest at the highest rate allowed by law; all payments on account shall be first applied to interest, then to any administrative late fee, then to any costs and reasonable attorney's fees incurred in collection, and then to the delinquent Assessment. After ten (10) days there shall also be, in addition to interest, an administrative late charge of the greater of five percent (5%) of each installment or Twenty Five and No/100 Dollars (\$25.00) to cover processing and collection charges.

6.3.2 The Association shall have a right to place a lien on each Unit for any unpaid assessments with interest thereon. Said lien shall also secure reasonable attorneys' fees and costs incurred (whether at trial, on appeal or in any bankruptcy proceedings) by the Association incident to the collection of such assessment or enforcement of such lien. Said lien shall be effective from and after the date of its recording in the manner provided in the Condominium Act, and shall have the priorities established by the Condominium Act and this Declaration.

6.3.3 Liens for assessments may be foreclosed in the manner provided in the Condominium Act. In any foreclosure of a lien for assessments, the Owner of the Unit subject to the lien may be required, by the court in its discretion, to pay a reasonable rental for the Unit, and the lienor may be entitled to the appointment of a receiver to collect the same. The Condominium Association shall have the power to bid on the Condominium Unit at foreclosure sale and to acquire and hold, lease, mortgage and convey same. Nothing herein, however, shall be construed to prevent maintenance of a suit to recover a money judgment for unpaid assessments, and the maintenance of such suit shall not be deemed a waiver of the lien securing same. The Condominium Association is entitled to recover its reasonable attorneys' fees and costs incurred (whether at trial, on appeal or in any bankruptcy proceedings) in any action to recover a money judgment for assessments.

6.3.4 The liability of a first Mortgagee, or its successors or assigns, who acquires title to the Unit by a purchase at the public sale resulting from the first Mortgagee's foreclosure or by deed given in lieu of foreclosure, for the unpaid assessments that became due prior to the Mortgagee's acquisition of title is limited to the lesser of:

(i) the Unit's unpaid Common Expenses and regular periodic assessments which accrued or came due during the six months immediately preceding the acquisition of title and for which payment in full has not been received by the Condominium Association or

(ii) one percent (1%) of the original mortgage debt. The provisions of this paragraph shall only apply if the first Mortgagee joined the Condominium Association as a defendant in the foreclosure action. Joinder of the Association is not required if, on the date the complaint is filed, the Condominium Association was dissolved or did not maintain an office or agent for service of process at a location which was known to or reasonably discoverable by the Mortgagee.

6.3.5 The person acquiring title shall pay the amount owed to the Condominium Association within thirty (30) days after transfer of title. Failure to pay the full amount when due shall entitle the Condominium Association to record a claim of lien against the Unit and proceed in the same manner as provided in this Section for the collection of unpaid assessments.

6.3.6 A Unit Owner, regardless of how his/her title has been acquired, including by purchase at a foreclosure sale or by deed in lieu of foreclosure, is liable for all Assessments which become due while he/she is the Unit Owner.

6.3.7 In accordance with Florida Statute, Section 718.116 (9)(a)(2), Developer shall be excused from the payment of Common Expenses and Assessments attributed to Developer owned Units due to Developer's guarantee that the Assessments for Common Expenses imposed upon the Unit Owners would not increase over the amount stated in Section 6.3.7.1, and Developer has obligated itself to pay any amount of Common Expenses incurred during the periods stated in Section 6.3.7.1, in excess of Assessments at the guaranteed level receivable from other Unit Owners, which shall be as follows:

6.3.7.1 Developer shall not be obligated to pay the share of Common Expenses and Assessments attributable to Units it owns until the earlier of the date (i) the Turnover Meeting (as defined in Article I) occurs; or (ii) twelve (12) months after the date of closing of the first Unit in the Condominium (the "Guarantee Expiration Date"). Provided, however, that the Assessments for the Common Expenses imposed on each Unit Owner, other than Developer, shall not increase during such period over \$ 580.00 per month for Unit Types 6A and 6AR; \$ 526.00 per month for Unit Types 20A and 20AR; \$ 392.00 per month for Unit Types 20B and 20BR; and \$ 357 per month for Unit Type 20C. The guaranty and guaranty amounts described above exclude the amount of any assessment due the Master Association pursuant to the Master Declaration or the Ocean Hammock Property Owners Association pursuant to the Cost Share Declaration and such assessments may increase prior to the Guaranty Expiration Date, which may cause the Common Expense Assessments to increase above the guaranty amounts described above for each Unit type without any obligations of Developer with respect thereto. Developer shall be obligated to pay any amount of Common Expenses incurred during such period in excess of the guaranteed level receivable from other Unit Owners. Notwithstanding the foregoing, so long as Developer controls the Association and the Association maintains all insurance coverage required by Florida Statute Section 718.111(11)(a), Common Expenses and Assessments incurred prior to the Guarantee Expiration Date, as a result of a natural disaster or an act of God occurring prior to the Guarantee Expiration Date, which are not covered by the proceeds from such insurance, may be assessed against all Unit Owners owning units on the date of such natural disaster or act of God, and their successors and

assigns, including Developer with respect to Units owned by Developer, without being subject to the guaranteed not to exceed assessments for Common Expenses and Assessments provided herein. After the Guarantee Expiration Date, Developer shall be obligated to pay the share of Common Expenses and Assessments attributable to the Units it is then offering for sale, or Developer may, in its sole discretion, extend the Guarantee Expiration Date for up to three (3) additional twelve (12) month periods, provided that the Assessments levied against the Units, other than Developer owned Units, do not increase over the guaranteed amounts.

6.3.8 No Unit Owner may exempt himself/herself from liability for his/her contribution towards the Common Expenses by waiver of the use and enjoyment of any of the Common Elements, Limited Common Elements or by the abandonment of his Unit. A Unit Owner is jointly and severally liable with the previous Unit Owner for all unpaid assessments that came due up to the time of transfer of title. This liability is without prejudice to any right the current Unit Owner may have to recover, from the previous Unit Owner, the amounts paid by the current Unit Owner. Within fifteen (15) days after request by a Unit Owner or Mortgagee, the Condominium Association shall provide a certificate stating all assessments and other moneys due the Condominium Association. Any person other than the Owner who relies upon such certificate shall be protected thereby.

6.4 WORKING CAPITAL ASSESSMENTS TO THE CONDOMINIUM ASSOCIATION.

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

6.4.1.1 The Working Capital Assessment shall be paid to the Condominium Association by the purchaser at the closing of the sale of the Unit by the Developer to the first purchaser of each Unit. The Working Capital Assessments are not advance payments of annual assessments.

ARTICLE VII.

7.1 ASSOCIATION POWERS, OPERATION AND MANAGEMENT.

7.1.1 The operation of the Condominium shall be by the Condominium Association. The Association shall operate pursuant to the provisions of this Declaration, the Articles, the Bylaws and the Condominium Act. The powers and duties of the Association are those as set forth in the Articles and the Bylaws and include the authority of the Board of Directors of the Association to adopt reasonable rules and regulations for the use, maintenance and conservation of the Condominium Property and for the benefit of the Unit Owners, all of whom shall be subject to such rules and regulations.

7.1.2 The Association shall administer and manage this Condominium (other than the rental management of the Units) and maintain and repair the Common Elements and the Limited Common Elements, except as provided in Section 5.3.

7.1.3 The Condominium Association has entered into a Management Contract in substantially the form attached as **Exhibit "G"** and made a part hereof (the "Management Contract"). Each Unit Owner, his/her heirs, successors and assigns, shall be bound by said Management Agreement for the purposes therein expressed, and he/she:

7.1.3.1 Adopts, ratifies, confirms and consents to the execution of said Management Contract by the Association.

7.1.3.2 Covenants and promises to perform each and every of the covenants, promises, and undertakings to be performed by Unit Owners in the cases provided therefor in said Management Contract.

7.1.3.3 Ratifies, confirms and approves each and every provision of said Management Contract.

7.1.3.4 Agrees that the persons acting as Directors and officers of the Association entering into such an Agreement have not breached any of their duties or obligations to the Association and/or to the Unit Owners individually and/or severally.

7.1.3.5 Ratifies, approves, confirms and adopts the acts of the Board and officers of the Condominium Association in entering into the Management Contract.

7.1.3.6 Developer or the Association shall have the right to enter into license agreements, easement agreements, lease agreements or other agreements with Utility Service providers to install, operate, maintain, repair and replace such Utility Service equipment and facilities associated with the provision of such Utility Services, including, but not limited to any transmission and receiving equipment, structures, cables and conduit within the portions of the Condominium Property subject to such Utility Service easements, including, but not limited to, the Common Elements and Limited Common Elements. The Utility Service provided by such Utility Service providers pursuant to such licenses, easements, leases or other agreements may provide services to some, but not all, Units or may provide no services to any of the Units, depending on the terms of such licenses, easements, leases or other agreements between the Utility Service providers and the Developer or the Association. Any revenues received by Developer or the Association from such Utility Service providers pursuant to such agreements shall be applied against the Common Expenses and any excess received by Developer or the Association over and above the Common Expenses shall be treated as a Common Surplus as provided in this Declaration.

8.1 INSURANCE POLICIES.

8.1.1 The Condominium Association shall use its best efforts to obtain fire and extended coverage insurance, vandalism and malicious mischief insurance (or in the Board of Director's discretion equivalent or better coverages) insuring all of the insurable improvements within the Common Elements and Limited Common Elements, together with such other insurance as the Association deems necessary (if available at a reasonable price) with a company with a "B+" rating or better, in an amount which shall be equal to the full replacement value as determined annually if obtainable, but otherwise no less than a policy covering the actual cash value (an amount equal to the maximum insurable replacement cost). The premiums for such coverage and other expenses in connection with said insurance shall be assessed against the Unit Owners as part of the Common Expenses. The named insured in all insurance policies upon the Condominium Property shall be the Association individually and as agent for the Unit Owners, without naming them, and first Mortgagees and other Mortgagees upon request.

8.1.2 Provision shall be made for the issuance of Mortgagee endorsements and memoranda of insurance to Mortgagees. Such policies shall provide that payments for losses thereunder by the insurer shall be made to the Insurance Trustee hereinafter described, and all policies and endorsements thereon shall be deposited with the Insurance Trustee unless otherwise specified in Section 8.5 below.

8.2 LIABILITY INSURANCE.

The Association shall use its best efforts to obtain public liability insurance, including, but not limited to, hired automobile and non-owned automobile coverage, including cross-liability endorsements to cover liabilities of the Unit Owners as a group covering all the Common Elements and Limited Common Elements and insuring the Association and the Unit Owners as it and their interests appear, in such amounts as the Board may determine from time to time but in no event less than One Million and No/100 Dollars (\$1,000,000.00). Premiums for such insurance shall be chargeable as Common Expenses to be assessed against and paid by each of the Unit Owners in the proportions set forth above in Article IV. The Association shall not be responsible for purchasing liability insurance to cover accidents occurring within the individual Units.

8.3 CASUALTY INSURANCE.

8.3.1 The Association shall use its best efforts to obtain casualty insurance insuring against vandalism, malicious mischief, fire, windstorm, flood, and extended coverage insurance (or in the Board of Director's discretion equivalent or better coverages), insuring all of the insurable improvements upon the land and all personal property included in the Common Elements and Limited Common Elements, including those portions of any Condominium Buildings, as described

in Section 8.10.1, for an insurable value in an amount equal to the maximum insurable replacement value as determined annually by the Board.

8.3.2 Premiums for such insurance shall be chargeable as a Common Expense to be assessed against and paid by each of the Unit Owners in the proportion set forth above in Article IV. The Board shall annually make an analysis to determine the maximum replacement costs for insurance purposes for all of the then existing improvements for the ensuing year.

8.4 ADDITIONAL INSURANCE.

The Association shall obtain such other insurance as the Board of Directors of the Association shall determine from time to time to be desirable. Premiums for such insurance shall be chargeable as a Common Expense to be assessed against and paid by each of the Unit Owners in the proportions set forth above in Article IV. Other insurance shall include, if applicable: a) Worker's Compensation Insurance and b) Directors' and officers' liability insurance, if available.

8.5 ASSOCIATION - SHARES OF PROCEEDS.

Proceeds covering property losses which shall be in the amount of \$1,000,000.00 or less, shall be paid to the Condominium Association. The duty of the Association shall be to receive such proceeds as are paid and to hold them in trust for the benefit of the Unit Owners and Mortgagees in a like manner as the duty of the Insurance Trustee as set forth in Section 8.6 and 8.7.

8.6 INSURANCE TRUSTEE - SHARES OF PROCEEDS.

All insurance policies purchased by the Association shall be for the benefit of the Association, the Unit Owners and their Mortgagees, as their interests may appear, and shall provide that all proceeds covering property losses which exceed \$1,000,000.00, or such other amount as the Board determines from time to time, shall be paid to an Insurance Trustee which shall be designated by the Board and which shall be a bank or trust company in Florida with trust powers. Proceeds for property losses in amounts less than \$1,000,000.00 shall be paid to the Association in lieu of an Insurance Trustee. The Insurance Trustee shall not be liable for payment of premiums, the renewal or the sufficiency of policies or the failure to collect any insurance proceeds. The duty of the Insurance Trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purposes stated herein and for the benefit of the Unit Owners and their Mortgagees in the following shares, which shares need not be set forth on the records of the Insurance Trustee:

8.6.1 Common Elements and Limited Common Elements. Proceeds on account of damage to Common Elements and Limited Common Elements, an undivided share for each Unit Owner, such share being the same as the undivided share in the Common Elements and Limited Common Elements appurtenant to his/her Unit.

8.6.2 Units. Proceeds on account of insured damage to a Unit or Units shall be held in the following undivided shares:

8.6.2.1 When the Condominium Building is to be restored, for the Owners of damaged Units in proportion to the cost of repairing the insured damage suffered by each Unit Owner, which cost shall be determined by the Association.

8.6.2.2 When the Condominium Building is not to be restored, an undivided share for each Unit Owner, such share being the same as the shares as determined upon termination of the condominium as set forth in Article XIII.

8.6.3 Mortgages. In the event a Mortgage endorsement has been issued as to a Unit, the share of that Unit Owner shall be held in trust for the Mortgagee and the Unit Owner, as their interests may appear; provided, however, that no Mortgagee shall have any right to determine or participate in the determination as to whether or not any damaged property shall be reconstructed or repaired, and no Mortgagee shall have any right to apply or have applied to the reduction of a mortgage debt any insurance proceeds except those proceeds paid to the Unit Owner and Mortgagee pursuant to the provisions of this Declaration.

8.7 DISTRIBUTION OF PROCEEDS.

In the event a loss occurs for which proceeds of insurance policies are received in excess of \$1,000,000.00, or such other amount as determined by the Board from time to time, proceeds under the policies shall be disbursed by the Insurance Trustee in the following manner:

8.7.1 Expenses of the Insurance Trustee. All expenses of the Insurance Trustee shall be paid first or provision made therefor, and the same shall be a Common Expense.

8.7.2 Reconstruction or Repair. If the damage for which the proceeds are paid is to be repaired or reconstructed, the Insurance Trustee shall pay the proceeds to cover the cost thereof as provided in Section 9.4.3. Any proceeds remaining after covering such costs shall be distributed to the Owners, each Owner's share being equal to the undivided interest in the Common Elements and Limited Common Elements appurtenant to his/her Unit, as provided in Article IV. Such proceeds shall be paid to Unit Owners and their Mortgagees jointly. This is a covenant for the benefit of any Mortgagee of any Unit and may be enforced by such Mortgagee.

8.7.3 Failure to Reconstruct or Repair. If it is determined in the manner elsewhere provided in this Declaration, that the damage for which the proceeds are paid shall not be reconstructed or repaired, the proceeds shall be distributed to the Owners by the Insurance Trustee, each Owner's share being equal to the undivided interest in the Common Elements and the Limited Common Elements appurtenant to his/her Unit, as described in Article IV. Remittances shall be paid to Unit Owners and their Mortgagees jointly. This is a covenant for the benefit of any Mortgagee of any Unit and may be enforced by such Mortgagee.

8.7.4 Certificate. In making distributions to Unit Owners and their Mortgagees, the Insurance Trustee may rely upon a certificate of the Condominium Association, executed by its President or Vice President and Secretary or Assistant Secretary, as to the names of the Unit Owners and their respective shares of the distribution.

8.8 AGENT FOR ASSOCIATION.

The Board of the Condominium Association shall irrevocably act as agent for the Unit Owners and for the holders of mortgages upon the Units to adjust all claims arising under insurance policies purchased by the Condominium Association and to execute and deliver releases upon the payment of claims.

8.9 OWNERS' INDIVIDUAL INSURANCE POLICIES.

Each Unit Owner shall be obligated to obtain public liability insurance coverage at their own expense to protect against claims due to accidents within or on his/her Unit and casualty insurance on the contents within each Unit. Said policies shall provide that the coverage afforded is in excess over the amount recoverable under any other policy covering the same property without rights of subrogation against the Association. In addition, each Unit Owner should review the coverage of the Condominium Association to determine any additional insurance that may be advisable for the Unit Owner to purchase.

At the Board's sole option, Unit Owners may be required to obtain a flood policy for their individual Unit in an amount set by the Board. Each of these policies shall name the Association as an additional insured.

8.10 EXTENT OF COVERAGE.

8.10.1 All casualty policies issued to protect Condominium Buildings shall provide that the word "building" wherever used in the policy shall include, but shall not necessarily be limited to, fixtures, installations or additions comprising that part of the building within the unfinished interior surfaces of the perimeter walls, floors and ceilings of the individual Units initially installed or replacements thereof, in accordance with the original plans and specifications. With respect to the coverage provided for by this Section 8.10.1, the Unit Owners shall be considered additional insureds under the policy. For purposes of this Declaration and the following Article, all buildings constituting the Condominium, as described in the Exhibits to this Declaration, shall collectively be deemed one building and shall include any additional buildings as a part thereof which may hereafter become a part of the Condominium.

8.10.2 Insurance maintained by the Association shall not insure against damage to Unit floor coverings, wall coverings or ceiling coverings, and does not include: electrical fixtures, appliances, air conditioning or heating equipment, water heaters, and built-in cabinets located within a Unit, or personal property contained within the Unit. All other property contained within the unfinished

interior surfaces of the perimeter walls, floors and ceilings of the individual Units shall be insured by the individual Unit Owners.

ARTICLE IX.

9.1 RECONSTRUCTION OR REPAIR AFTER CASUALTY.

If any part of the Condominium Property shall be damaged by casualty, a decision as to whether or not it shall be reconstructed or repaired shall be determined in the following manner:

9.1.1 Damage to Common Elements and Limited Common Elements. If the damaged improvement is a Common Element or a Limited Common Element, the damaged property shall be reconstructed or repaired by the Condominium Association unless it is determined that the Condominium shall be terminated, as provided in Article XIII.

9.1.2 Condominium Building - Lesser Damage. If the damaged improvement is a Condominium Building and if the Units to which less than seventy percent (70%) of the Common Elements are appurtenant are found by the Board to be untenable, the damaged property shall be reconstructed or repaired unless, within sixty (60) days after the casualty, it is determined by agreement that the Condominium shall be terminated, as provided in Article XIII.

9.1.3 Condominium Building - Major Damage. If the damaged improvement is a Condominium Building and if the Units to which more than seventy percent (70%) of the Common Elements are appurtenant are found by the Board to be untenable after the casualty ("Major Damage"), a decision as to whether the damaged property will be reconstructed and repaired or the Condominium terminated shall be determined in the following manner:

9.1.3.1 Promptly after the casualty the Condominium Association shall obtain reliable and detailed estimates of the cost to rebuild and repair.

9.1.3.2 Promptly after the determination of the amount of insurance proceeds, the Association shall give notice to all Unit Owners of the casualty, the extent of the damage, the estimated cost to rebuild or repair, the amount of insurance proceeds and the estimated amount of assessments required to pay the excess of the cost of reconstruction or repair over the amount of insurance proceeds. Such notice shall announce a meeting of Unit Owners to be held within thirty (30) days from the mailing of such notice.

9.1.4 Determination to Reconstruct or Repair. If the insurance proceeds are sufficient to pay for the cost of reconstruction or repair, then approval by ten percent (10%) of the Voting Interest shall be sufficient for reconstruction or repair. If the insurance proceeds are not sufficient, then approval by twenty percent (20%) of the Voting Interests shall be required for reconstruction or repair. If the required approval is not obtained in either of the insurance proceeds scenarios described in the preceding two (2) sentences, the Condominium shall be terminated without

agreement, and any proceeds from insurance or sale of Condominium Property shall be distributed as provided in Article XIII of this Declaration. Such approval may be expressed by vote or in writing filed with the Condominium Association at or prior to the meeting described in Section 9.1.3.2. The expense of such determination of whether or not to reconstruct or repair shall be assessed against all Unit Owners in proportion to their shares of the Common Elements and the Limited Common Elements, as provided in Article IV.

9.1.5 Certificate. The Insurance Trustee may rely upon a certificate of the Condominium Association executed by its President or Vice President and Secretary or Assistant Secretary in determining whether the damaged property is to be reconstructed or repaired.

9.2 PLANS AND SPECIFICATIONS.

Any reconstruction or repair must be substantially in accordance with the plans and specifications for the original improvements, modified as necessary to comply with current laws and regulations, portions of which are attached hereto as Exhibits or, if not, then according to plans and specifications approved by the Board of the Condominium Association and by not less than eighty percent (80%) of the Voting Interests.

9.3 RESPONSIBILITY.

If the damage is only to those parts of an individual Unit or Units for which the responsibility of maintenance and repair is that of the Unit Owner, then the Unit Owner shall be responsible for reconstruction and repair after casualty.

9.4 ASSESSMENTS TO RECONSTRUCT.

If the proceeds of insurance are not sufficient to cover the estimated costs of reconstruction and repair, or if at any time during reconstruction and repair, or upon completion of reconstruction and repair, the funds for the payment of the costs thereof are insufficient notwithstanding anything to the contrary contained herein, Assessments shall be made against all Unit Owners in sufficient amounts to provide funds for the payment of such costs. Such assessments shall be in proportion to the Owner's share in the Common Elements and the Limited Common Elements, as provided in Article IV.

9.4.1 Construction Funds. The funds for payment of costs of reconstruction and repair after casualty, which shall consist of insurance proceeds held by the Insurance Trustee and funds collected by the Condominium Association from Assessments against Unit Owners, shall be disbursed in payment of such costs in the following manner:

9.4.2 Condominium Association. If the total Assessments made by the Condominium Association, in order to provide funds for the payment of costs of reconstruction and repair which is the responsibility of the Association, exceed One Million and No/100 Dollars (\$1,000,000.00),

or such other amounts as determined by the Board from time to time, the sum paid upon such Assessments shall be deposited by the Condominium Association with the Insurance Trustee. In all such cases, the Condominium Association or the Insurance Trustee, as applicable, shall hold the sums paid upon such Assessments and disburse the same in payment of the costs of reconstruction and repair.

9.4.3 Insurance Trustee. The proceeds of insurance collected on account of a casualty and deposited with the Insurance Trustee, as provided in Section 8.6, and the sums deposited with the Insurance Trustee by the Association from collections of Assessments against Unit Owners on account of such casualty shall constitute a reconstruction funding, which shall be disbursed in payment of the costs of reconstruction and repair in the following manner and order:

(i) Association - Under One Million and No/100 Dollars (\$1,000,000.00). If the amount of the estimated costs of reconstruction and repair which is the responsibility of the Association is less than One Million and No/100 Dollars (\$1,000,000.00), or such other amounts as determined by the Board from time to time, then the construction fund shall be disbursed in payment of such costs upon the order of the Condominium Association.

(ii) Association - Over One Million and No/100 Dollars (\$1,000,000.00). If the amount of estimated costs of reconstruction and repair, which is the responsibility of the Association is One Million and No/100 Dollars (\$1,000,000.00) or more, or such other amounts as determined by the Board from time to time, then the construction fund shall be disbursed first to the payment of the expenses of the Insurance Trustee, as provided in Section 8.7.1, and then in payment of such costs in the manner required by the Board, upon approval of an architect or engineer qualified to practice in the State of Florida and employed by the Association to supervise the work.

9.4.4 Unit Owner. The portion of insurance proceeds representing damage for which the responsibility of reconstruction and repair lies with a Unit Owner shall be paid by the Association or the Insurance Trustee, as applicable, to the Unit Owner, provided such Unit Owner shall be responsible to use such funds for repair of the Unit or such other area of the Condominium that the Unit Owner is responsible to repair, and, if there is a mortgage endorsement as to such Unit, then to the Unit Owner and the Mortgagee jointly.

9.4.5 Surplus. It shall be presumed that the first monies disbursed in payment of costs of reconstruction and repair shall be from insurance proceeds. If there is a balance in a construction fund, after payment of all costs of reconstruction and repair, for which the funds are established, such balance shall be distributed to the Owners in the manner stated in Section 8.7; except, however, that the part of a distribution to an Owner, which represents Assessments paid by such Owner into the construction fund, shall not be made payable to any Mortgagee.

9.4.6 Certificate. Notwithstanding the provisions herein, the Insurance Trustee shall not be required to determine whether or not sums paid by Unit Owners upon Assessments shall be deposited by the Association with the Insurance Trustee, whether the disbursements from the

construction fund are to be upon the order of the Association or upon approval of an architect, engineer or otherwise, whether a disbursement is to be made from the construction fund or whether surplus funds to be distributed are less than the Assessments paid Unit Owners. Instead, the Insurance Trustee may rely upon a certificate of the Condominium Association, executed by its President or Vice President and Secretary or Assistant Secretary, as to any or all of such matters stating that the sums to be paid are due and properly payable in the name of the designated payee and the amount to be paid; provided that, when a Mortgagee is herein required to be named as payee, the Insurance Trustee shall also name the Mortgagee as payee of any distribution or insurance proceeds to a Unit Owner; and, further, provided that, when the Association or a Mortgagee which is the beneficiary of an insurance policy, the proceeds of which are included in the construction fund so requires, the approval of an architect or engineer named by the Condominium Association shall be first obtained by the Condominium Association prior to disbursements in payment of costs of reconstruction and repair.

ARTICLE X.

10.1 CONDEMNATION OR EMINENT DOMAIN.

In case at any time or times the Condominium Property or any part thereof shall be taken or condemned by any authority having the power of eminent domain, all proceeds paid for or on account of such taking shall be payable to the Condominium Association as trustee for all Unit Owners and Mortgagees according to the loss or damage to their respective interests in the Condominium property, as follows:

10.1.1 All Units Remain Tenatable. If such taking does not reduce or make untenable any of the Units, said proceeds shall be used promptly to replace or restore improvements taken upon the affirmative vote of owners of twenty percent (20%) of the Voting Interests. In the event twenty percent (20%) of the Voting Interests do not approve the replacement and restoration of the property so taken, the proceeds shall be distributed to the Unit Owners in proportion to their ownership in the Common Elements and the Limited Common Elements as provided in Article IV.

10.1.2 Some Units are Made Untenatable. If such taking reduces or makes untenable some, but not all, of the Units, the proceeds shall be distributed to each Unit Owner and Mortgagee affected by such taking jointly and in proportion to the impairment of their respective interests as determined by the final unappealable condemnation award. The shares in the Common Elements and Limited Common Elements appurtenant to the Units which continue as part of the Condominium shall be equitably adjusted to distribute the ownership of the Common Elements and Limited Common Elements among the reduced number of Owners.

10.1.3 All Units are Untenatable. If such taking reduces or makes untenable all of the Units, the proceeds shall be distributed by the Association in the same manner as insurance proceeds as provided in Section 8.7.

ARTICLE XI.

11.1 USE OF UNITS, COMMON ELEMENTS AND LIMITED COMMON ELEMENTS. A Unit shall be used only as a dwelling Unit in accordance with the rules and regulations as provided in Article X of the Bylaws, and for no other purposes. Rental of a Unit as frequently as daily is permitted. The Unit Owners shall not permit or suffer anything to be done or kept in his/her Unit which will increase the rate of insurance on the Condominium Property or which will obstruct or interfere with the rights of the other Unit Owners or annoy them by unreasonable noise or otherwise; nor shall the Unit Owner commit or permit any nuisances, immoral or illegal acts in or about the Condominium Property. No clothes lines or similar devices shall be allowed on any portion of the Condominium Property by any person, firm or corporation without the written consent of the Board. No grilling or barbecuing is permitted on the Limited Common Elements appurtenant to a Unit, including, without limitation, any Balcony. No signs shall be displayed from a Unit or Balcony portion of the Limited Common Element appurtenant to a Unit or on the Common Elements except those which have advance written approval from Developer or except as otherwise provided herein.

Reasonable regulations concerning the use of the Common Elements and Limited Common Elements may be made and amended from time to time by the Condominium Association in the manner provided by its Articles of Incorporation and Bylaws. Copies of such regulations and amendment thereto shall be furnished by the Condominium Association to all Unit Owners and residents of the Condominium upon request.

ARTICLE XII.

12.1 DEVELOPER'S USE OF CONDOMINIUM PROPERTY IN CONNECTION WITH SALES ACTIVITIES.

Notwithstanding any of the provisions herein above contained, Developer shall have the right to transact any business necessary to market and/or consummate sales of Condominium Units, including, but not limited to, the right to maintain models, erect signs identifying the Condominium Property and advertising the sale of Condominium Units, maintain employees in offices, use the Common Elements and Limited Common Elements and show Units for sale. Any sales office, the furniture and furnishings in the model Units, signs and all items pertaining to sales shall not be considered Common Elements and shall remain the property of the Developer. So long as there are unsold Condominium Units, Developer retains the right to be the Owner of said unsold Units under the same terms and conditions as all other Unit Owners, provided that Developer shall have such additional rights granted to or reserved by Developer, and any persons occupying a Unit owned by Developer, with the consent of Developer, shall, for the purposes of determining their rights and obligations, be treated as the Owner of the Unit so occupied. No amendment of this Section shall be effective without the prior written consent of the Developer to any such amendment.

12.2 LEASING OF INDIVIDUAL UNITS.

Units may be leased or sublet on a basis as frequently as daily. Each Unit Owner and each Guest of a Unit shall be governed by, and shall comply with, the provisions of the Condominium Act, this Declaration, the Articles, Bylaws and rules and regulations of the Association and the provisions thereof shall be deemed expressly incorporated into any lease of a Unit. The Association may not require Association approval of leases and lessees, and may not charge a fee or security deposit with regard to the rental of Units.

Developer makes no representations as to whether any modifications to the Units or the Condominium Buildings are required before Units may be placed into a rental or whether other legal requirements apply to the renting of Units. Each Unit Owner should perform his/her own investigations in that regard.

ARTICLE XIII.

13.1 TERMINATION OF CONDOMINIUM.

Unless provided otherwise in Fla. Stat. §718.117, the following provisions related to termination of the Condominium shall apply:

13.1.1 If all Unit Owners and the holders of all recorded liens and mortgages upon all of the Condominium Parcels execute and duly record an instrument terminating the Condominium Property, or if "Major Damage" occurs as defined herein and subject to Article IX, the Condominium Property shall be removed from the provisions of the Condominium Act and thereafter owned in common by the Unit Owners. Upon such termination, the undivided interest in the Condominium Property owned in common by each Unit Owner shall be equal to the undivided interest in the Common Elements and the Limited Common Elements appurtenant to his/her Unit.

13.1.2 If the Condominium is terminated, the Owners of the Units shall continue to be responsible for their share of the Common Expenses attributable to the Condominium Property and all other Association expenses, as set forth in this Declaration, the Articles and the Bylaws, in proportion to their ownership interest as set forth in Section 13.1.1 above.

13.1.3 If the Owners of at least ninety percent (90%) of the Units elects to terminate, with the consent of all holders of all recorded liens and mortgages on the Units owned by such Unit Owners who are electing to terminate, the Unit Owners shall have the option to buy the Units of the other Unit Owners, who do not elect to terminate the Condominium, for a period of sixty (60) days from the date of the meeting wherein the election to terminate was taken. The purchase price shall be the fair market value of the Units as of the date of the meeting wherein the election to terminate was taken, as determined in the following manner: a majority of the owners desiring to purchase the Units of the Owners who do not elect to terminate the Condominium shall, as a group, choose one appraisal firm who does business in Duval County and/or Flagler County, Florida, and a majority

of the owners who do not elect to terminate the Condominium shall, as a group, select one appraisal firm who does business in Duval County and/or Flagler County, Florida. Together these appraisal firms shall select a third appraiser who shall be an MAI appraiser who does business in Duval County and/or Flagler County, Florida. This third appraiser shall determine the fair market value of each of the Units being sold. The purchase price shall be paid in cash within sixty (60) days of the determination of the same, and good and insurable title to the applicable Units in an unoccupied condition shall be delivered in exchange for said payment to the applicable Unit Owner.

13.1.4 This Section concerning termination cannot be amended without the consent of eighty percent (80%) of the Unit Owners and eighty percent (80%) of the record owners of first mortgages upon the Units.

ARTICLE XIV.

14.1 AD VALOREM TAXES.

14.1.1 The Unit Owners shall be responsible for the payment of ad valorem taxes and special assessments affecting their respective Units to the Property Appraiser of Flagler County, Florida, and assessments to the CDD or such other future legally authorized governmental officer of authority having jurisdiction over the same. Nothing herein contained shall be construed, however, as giving to any Unit Owner the right of contribution or any right of adjustment against any other Unit Owner an account of any deviation by the taxing authorities from the taxes and assessments herein prescribed, and each Unit Owner shall pay such ad valorem taxes, special assessments and CDD assessments as are separately assessed against his/her Condominium Unit.

14.1.2 For purposes of ad valorem taxation and CDD assessments, the interest of the Owner of a Condominium Unit in his Unit and in the Common Elements and Limited Common Elements shall be considered as a Unit. The value of said Unit shall be the fractional portion of the value of the entire Condominium, including land and improvements, as has been assigned to said Unit in Article IV hereof.

ARTICLE XV.

15.1 MEMBERSHIP IN THE CONDOMINIUM ASSOCIATION AND VOTING RIGHTS IN THE ASSOCIATION. Subject to the provisions and restrictions set forth in the Articles of Incorporation and Bylaws of the Association, each Unit Owner shall be a member of the Condominium Association and shall be entitled to one (1) vote for each Unit owned by him/her, to be exercised as provided in the Articles and Bylaws. As more fully set forth in the Articles and Bylaws, there are three (3) initial members of the Board of Directors. Pursuant to this Declaration, the Articles and Bylaws, Developer currently has the right to appoint all of the members of the Board. Upon certain occurrences, as set forth in the Articles of Incorporation and Bylaws and as provided by the Condominium Act, the Unit Owners will be entitled to elect some or all of the members of the Board of Directors. The provisions addressing the right of the Unit Owners to elect

members of the Board are contained in Article VIII of the Articles of Incorporation and Article IV of the Bylaws of the Condominium Association.

ARTICLE XVI.

16.1 AMENDMENT OF DECLARATION.

This Declaration may be amended at any regular or special meeting of the Unit Owners of this Condominium called and convened in accordance with the Bylaws of the Association in the following manner:

16.1.1 Notice of the subject matter of the proposed amendment shall be included in the notice, if any, of the meeting at which the proposed amendment is considered.

16.1.2 No provision of this Declaration shall be revised or amended by reference to its title or number only. Proposals to amend existing provisions of this Declaration shall contain the full text of the provision to be amended; new words shall be inserted in the text underlined, and words to be deleted shall be lined through with hyphens. However, if the proposed change is so extensive that this procedure would hinder, rather than assist, the understanding of the proposed amendment, it is not necessary to use underlining and hyphens as indicators of words added or deleted, but, instead, a notation must be inserted immediately preceding the proposed amendment in substantially the following language: "Substantial rewording of declaration. **See provisions... for present text.**" Nonmaterial errors or omissions in the Amendment shall not invalidate an otherwise properly promulgated amendment.

16.1.3 An amendment shall be approved by affirmative vote of eighty percent (80%) of the Voting Interests. Provided, however, that no amendment shall operate to unlawfully discriminate against any Unit Owner nor against any Unit or class or group of Units, unless the Unit Owners so affected shall consent, and no amendment shall change any Unit nor share of the Common Expenses, unless the record owner of the Unit concerned and all record owners of liens on such Units shall join in the execution of the Amendment. No amendment shall be made affecting the rights, as expressed in this Declaration or any documents attached hereto, of Developer, as a Unit Owner or otherwise, unless the prior written consent of the Developer is given for such amendment. Likewise, should a proposed amendment materially affect the rights, as expressed in this Declaration or any documents attached hereto, of a first Mortgagee, then the prior written joinder of the first Mortgagee is required, which consent shall not be unreasonably withheld. An amendment properly adopted shall be evidenced by attaching a copy of the Amendment to a certificate certifying that the Amendment was duly adopted, which certificate shall be executed by the officers of the Association with the formalities of a deed. The Amendment shall be effective when such certificate and copy of the Amendment are recorded in the public records of Flagler County, Florida.

16.2 DEVELOPER AMENDMENTS/PROHIBITED ACTIONS.

16.2.1 Notwithstanding the foregoing provisions of this Article, Developer may amend this Declaration at any time before recordation without a meeting or vote of the Board members or Unit purchasers. Prior to recording, Developer reserves the right to amend the legal description of the Condominium Property for purposes of adding any of the Subsequent Phase Lands to this Declaration and correcting any erroneous legal descriptions and the right to amend the distribution of Common Elements and Limited Common Elements, if the sum total of the shares of Common Expenses fails to equal one hundred percent (100%) or if more than one hundred percent (100%) has been distributed. None of these amendments will require the consent of any Association Board members, Unit purchasers or Unit Owners. Other than matters provided for in Fla. Stat. §718.110(4) and Fla. Stat. §718.110 (8), the Developer reserves to itself the right, as long as the Developer is in control of the Association or Developer owns at least one Unit, or any portion of the Subsequent Phase Lands for which Developer has not given notice of its intent not to submit such Subsequent Phase Lands to this Declaration, to amend this Declaration of Condominium after it has been recorded without the consent of any Board members or Unit Owners. Any such amendment shall be evidenced in writing, including the recording data identifying this Declaration, and be executed in the form required for a deed, but no certificate, of the Association shall be required. Said amendment shall not require the consent of any Unit Owner or record owner of liens or mortgage holder.

16.2.2 As long as Developer is the owner of record title to any Unit and holds that Unit for sale in the ordinary course of business or owns any portion of the Subsequent Phase Lands for which Developer has not given notice of its intent not to submit such Subsequent Phase Lands to this Declaration, no action that would be detrimental to the sale of Units by Developer shall be taken without approval in writing from Developer:

ARTICLE XVII.

17.1 ARTICLES, BYLAWS. The operation of the Condominium Property shall be governed by the Articles and Bylaws of the Condominium Association, a copies of which are attached to this Declaration and made a part hereof as **Exhibit F**. The Articles and Bylaws may be amended in the manner provided for therein, but no amendment to said Articles and Bylaws shall be adopted which would affect or impair the validity or priority of any first mortgage covering or encumbering any Condominium Unit or Units.

ARTICLE XVIII.

18.1 USE OF COMMON ELEMENTS AND LIMITED COMMON ELEMENTS BY OTHER DEVELOPMENTS AND THE HAMMOCK BEACH CLUB PROPERTY OWNERS.

Notwithstanding any provision contained herein or in the Bylaws, Articles, or rules and regulations of the Association, Developer (and its successors and assigns), on behalf of the Association, reserves to itself until the date of the Turn-over Meeting, the right to:

Grant nonexclusive easements across the Common Elements and Limited Common Elements and/or enter into cross-use agreements with other developments built or to be built in Flagler County, Florida. No fees or assessments are required to be paid to either the Association or any Unit Owner should Developer, on behalf of the Association, exercise this right. Neither the consent of the Association, any Unit Owner, or Mortgagee shall be required. Said instruments need only be executed by Developer and the Association and recorded in the public records of Flagler County, Florida. After the date of the Turn-over Meeting, so long as Developer shall own at least one Unit, or any portion of the Subsequent Phase Lands for which Developer has not given notice of its intent not to submit such Subsequent Phase Lands to this Declaration, neither easements across the Common Elements, the Limited Common Elements nor cross-use agreements with other developments built, or to be built, in Flagler County, Florida, shall be granted or entered into by the Association without the prior written consent of the Developer.

18.2 THE CLUB AT HAMMOCK BEACH MEMBERSHIP. 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 Unit shall grant or convey any interest in or right to use any of the Hammock Beach Club Property, or any of the Club Facilities, including, but not limited to, any swimming pools, spas, fitness facilities, restaurants, bars, lounges, conference room facilities, beach amenities, tennis courts and golf courses (the "Club Facilities"). Only the guests of the Hammock Beach Club Owner shall have the right to utilize the Club Facilities owned and operated by the Hammock Beach Club Owner. Developer is not constructing any recreational facilities on the Condominium Property for the use of the Unit Owners. This means that a Unit Owner will not have the use of any Club Facilities comprising the Hammock Beach Club Property, unless such Unit Owner becomes and remains a member of the Club at Hammock Beach. The Hammock Beach Club Property is privately owned and is not a part of the Common Elements or Limited Common Elements. The right or privilege to use the Hammock Beach Club Property and the Club Facilities shall be determined in the sole and absolute discretion of owner and/or operator of such Hammock Beach Club Property, subject to the terms, conditions and rules enacted from time to time by the owner and/or operator thereof, subject to the membership fees and charges imposed from time to time by such owner or operator, and subject to availability. Ownership of any Unit or membership in the Association does not create, grant or convey any vested right or easement, prescriptive or otherwise, to use or to continue to use the Hammock Beach Club Property, including, but not limited to, the Club Facilities or any other facilities comprising the Hammock Beach Club Property at this or any time, unless approved by the owner and/or operator as set forth above. The owner and/or operator of the Hammock Beach Club Property has the exclusive right to determine from time to time, in its sole discretion, and without notice or approval of any change, how and by whom these Club Facilities shall be used, including, without limitation, making these Club Facilities available for use by members of the general public. By way of example, but not limitation, the owner and/or operator

of the Hammock Beach Club Property shall have the right to approve users and determine eligibility for use, to reserve use rights, to terminate any or all use rights, to change, eliminate or cease operation of any or all of the Club Facilities, to transfer any or all of the Hammock Beach Club Property or the operation thereof to anyone, including, without limitation, a member owned or equity club and on any terms, to limit the availability of use privileges, and to require the payment of a purchase price, membership contribution, initiation fee, membership deposit, dues, use charges and other charges for use privileges. No Unit Owner shall have any right to enter on or over any part of the Hammock Beach Club Property or to use the Hammock Beach Club Property, including, but not limited to, the Club Facilities in any manner whatsoever unless the Unit Owner is a member, licensee or guest of the Club at Hammock Beach, and then only to the extent permitted by the rules and regulations governing such members or guests.

Developer is not constructing any recreational facilities on the Condominium Property for the use of the Unit Owners. Developer makes no representations that the Club Facilities will ever be constructed by the owner or operator of the Hammock Beach Club Property or as to when such Club Facilities will be available for use by the members of the Club at Hammock Beach. Developer makes no representations or warranties as to the type, amount, nature, quality or fitness for intended use of any of the Club Facilities constructed or to be constructed by the owner or operator of the Hammock Beach Club Property. Developer has no control over any property outside of the Condominium Property.

18.3 ASSUMPTION OF RISK AND INDEMNIFICATION. Each Unit Owner, by its purchase of a Unit, expressly assumes the risks associated with the Hammock Beach Club Property (regardless of whether the Owner is using the Hammock Beach Club Property or a member of the Club at Hammock Beach) and agrees that neither Developer, the Hammock Beach Club Owner, the Condominium Association nor any of their affiliates or agents nor any other entity designing, constructing, owning or managing the Hammock Beach Club Property shall be liable to the Unit Owners or any other person claiming any loss or damage, including, without limitation, indirect, special or consequential loss or damage arising from personal injury, destruction of property, loss of view, loss of value in a Unit, lack of ability to obtain or maintain membership in the Club at Hammock Beach, inability to use the Club Facilities, noise pollution, or other visual or audible offenses, or trespass or any other alleged wrong or entitlement to remedy based upon, due to, arising from or otherwise related to the proximity of the Owner's Unit, Limited Common Elements or Common Elements to the Hammock Beach Club Property or related to the operation of the Hammock Beach Club Property as a private club for the purposes set forth in this Declaration.

18.4 ENFORCEMENT. Developer, the Hammock Beach Club Owner and the Association may enforce any of the provisions of this Article XVIII 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.

18.5 AMENDMENT. This Article XVIII cannot be amended without the consent of eighty percent (80%) of the Voting Interests of the Condominium.

ARTICLE XIX.

19.1 EFFECTS OF RESTRICTIONS, EASEMENTS AND CONDITIONS.

All restrictions, reservations, covenants, conditions and easements contained in this Declaration shall constitute covenants running with the land and shall run perpetually unless terminated as provided herein and shall be binding upon all Unit Owners as defined in the Condominium Act and in consideration of receiving and by acceptance of a grant, devise or mortgage all grantees, devisees or Mortgagees, their heirs, personal representatives, successors and assigns, and all parties claiming by, through or under such persons, agree to be bound by the provisions hereof, and by the Articles, Bylaws and rules and regulations of the Condominium Association.

19.2 BONDING OF DIRECTORS AND OFFICERS.

Fidelity bonding of each person who controls or disburses funds of the Association in a principal amount of not less than Fifty Thousand and No/100 Dollars (\$50,000.00) is required and shall be increased as required by the Condominium Act and the Bylaws to match the maximum amount of funds that will be in possession of the Association. The Association shall pay all expenses arising out of the procurement and maintenance of said bonds, and such expenses shall be treated as a Common Expense.

19.3 NOTICE.

Whenever notices are required to be sent pursuant to this Declaration, the same shall be sent to the Unit Owners by first class mail, certified mail, return receipt requested, or by a nationally recognized overnight courier, at their place of residence in the Condominium Building unless the Unit Owner has, by prior written notice, duly receipted for by the Association, specified a different address. Notices to the Association shall be delivered by first class mail, certified mail, return receipt requested, or by a nationally recognized overnight courier to the principal office of the Association at the offices of 385 Douglas Avenue, Suite 1000, Altamonte Springs, Florida 32714.

Notice to Developer shall be mailed by first class mail, certified mail, return receipt requested, or by a nationally recognized overnight courier to the principal office of Developer at 385 Douglas Avenue, Suite 1000, Altamonte Springs, Florida 32714. All notices shall be deemed and considered sent when mailed.

Developer, the Association and any Unit Owner may change their, or its, mailing address by written notice. The change of the mailing address of any parties as specified within this Section shall not require an amendment to this Declaration.

19.4 GENERAL PROVISIONS.

19.4.1 If any provisions of this Declaration, or of the Articles and/or Bylaws attached hereto, or of the Condominium Act, or any Section, sentence, clause, phrase or word, or the application thereof in any circumstances, is held invalid, the validity of the remainder of this Declaration, the Articles and the Bylaws attached hereto, or the Condominium Act, and the application of any such provision, Section, sentence, clause, phrase or word in other circumstances shall not be affected thereby.

19.4.2 Each Unit Owner shall be governed by and shall comply with the terms of this Declaration, the Articles and the Bylaws and the Condominium Act. Should the Association find it necessary to bring court action to enforce compliance with the law, this Declaration and/or the Bylaws, the prevailing party in any such action shall be entitled to recover reasonable attorneys' fees incurred by it in bringing such action, as determined by the court, together with the court costs.

19.4.3 Whenever the context so requires, the use of any gender shall be deemed to include all genders, and the use of the singular shall include the plural, and plural shall include the singular. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the operation of the Condominium.

19.4.4 Captions and paragraph headings used in the Condominium Documents are inserted solely as a matter of convenience and shall not be relied upon or used in construing the effect or meaning of any of the text of the Condominium Documents.

19.4.5 Developer may assign part or all of the rights, privileges, and obligations set forth within this Declaration or the other condominium documents as long as said assignment is in writing and recorded in the Public Records of Flagler County, Florida.

19.4.6 This Declaration, the Bylaws and the Articles shall be interpreted by the Condominium Act and other applicable Florida law effective as of the date of filing of these Condominium Documents with the Florida Division of Land Sales, Condominiums and Mobile Homes. Subsequent amendments to Florida statutes, local ordinances, rules and regulations shall not govern or be incorporated into or used to interpret these Condominium Documents.

ARTICLE XX.

20.1 EXECUTION DOCUMENTS REQUIRED BY THE GOVERNMENT. Developer's plan for the development of this Condominium may require, from time to time, the execution of certain documents required by a governmental or quasi-governmental agency having jurisdiction over this Condominium. To the extent that said documents require the joinder of Unit Owners, the Condominium Association, by its duly authorized officers may, as the agent and/or the attorney-in-fact for the Unit Owners, execute, acknowledge and deliver such documents, and the Unit Owners, by virtue of their acceptance of deeds to their Units, irrevocably nominate, constitute and appoint

the Condominium Association, through its duly authorized officers, as their proper and legal agent and attorney-in-fact for such purpose. Said appointment is coupled with an interest and is therefore irrevocable.

ARTICLE XXI.

21.1 MASTER ASSOCIATION, COST SHARE DECLARATION, CDD AND GOLF COURSE PROPERTY AND ADDITIONAL DISCLOSURES.

21.1.1 The Master Association represents residents of the Hammock Beach Property, including the Units Owners. Its members are those persons or entities appointed or elected in accordance with the Articles and Bylaws of the Master Association. The Master Association, acting through its Board, shall have the powers, rights and duties with respect to the Condominium Property and with respect to the Hammock Beach Property as set forth in this Article and as more particularly described in the Master Declaration.

21.1.2 The Master Association shall be entitled to charge each Unit Owner an assessment for expenses incurred or to be incurred by the Master Association in fulfillment of its maintenance, operation and management responsibilities for the common facilities and common property within the Hammock Beach Property. The common facilities and common property may include, to the extent such facilities may be made available, common roads and roadways, lakes, sidewalks, pavilions and public squares, walking paths or trails, bicycle paths, transportation facilities or other common property maintained or owned by the Master Association, throughout the Hammock Beach Property, including, but not limited to, the Declaration of Easements, Parcel 14 Easement, Master Declaration and Supplemental Declaration described in Article III, Section 3.4. The Master Association may provide certain services, including roving patrols, limited access gates, maintenance of lakes, common property, wildlife areas and other recreational facilities of any kind or nature serving the Hammock Beach community and for water irrigation and sewer facilities, lighting of roads, sidewalks, walking paths, garbage and trash collection and disposal, insect and pest control for common properties, legal, accounting and other administrative expenses, and such other costs and expenses and obligations as the Master Association may deem necessary or desirable to perform any of the functions or services to be provided for the common benefit of unit owners in the Hammock Beach community. The Master Association is not obligated to provide any of the foregoing, but may, in its sole discretion, elect to do so from time to time. The enforcement and collection of such assessments is more fully set forth in the Master Declaration. The Master Association shall be entitled to collect such assessments through the Condominium Association and shall have a lien right upon an individual Unit to enforce collection of such assessments, which shall also be enforced as a personal obligation of each Unit Owner.

21.1.3 If, for any reason, the Condominium Association shall refuse to perform the obligations imposed on it under this Declaration or the Master Declaration, the Master Association shall be authorized to act for, and on behalf of, the Condominium Association in the respect that the

Condominium Association has refused or failed to act. Any expenses thereby incurred by the Master Association shall be reimbursed by the Condominium Association.

21.1.4 The Condominium Property is also subject to that certain Cost Share Declaration and Connection Road Maintenance Agreement in favor of the Ocean Hammock Property Owners Association, Inc. (the "Ocean Hammock Association"), which gives the Ocean Hammock Association certain assessment rights against the Unit Owners with respect to the Ocean Hammock Association's costs of maintaining, operating and repairing the Ocean Hammock Property common property for the benefit of the Northshore Investment Property, which Northshore Investment Property includes the Condominium Property, and which provides the Owners of Units within the Northshore Investment Property, which includes the Condominium Property, with certain non-exclusive rights, licenses, privileges and easements to use the Ocean Hammock Property Association, Inc.'s common property as described in the Cost Share Declaration. The Ocean Hammock Association's collection and enforcement rights are more fully set forth in the Cost Share Declaration and the Connection Road Maintenance Agreement.

21.1.5 Pursuant to the Master Declaration, the CDD may operate, maintain and/or own certain of the Master Association's common property or former common property and has the collection and enforcement rights against the Unit Owners in the Condominium Property as more fully described in the Master Declaration.

21.1.6 Golf Course Property. As described in the Master Declaration, Article XIV, neither membership in the Association nor ownership of any Unit shall grant or convey any interest in or right to use any of the Golf Course Property known as The Ocean Hammock Golf and Country Club and operated by Lowe Ocean Hammock, Ltd., a Florida limited partnership or one of its successors, assigns or affiliates as provided in the Master Declaration. The Golf Course Property is privately owned and is not a part of the Condominium, Common Elements or Limited Common Elements. The right or privilege to use the Golf Course Property shall be determined in the sole and absolute discretion of owner and/or operator of such Golf Course Property, subject to the terms, conditions and rules enacted from time to time by the owner and/or operator thereof, subject to any fees and charges imposed from time to time by such owner or operator, and subject to availability. Ownership of any Unit or membership in the Condominium 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. No Owner shall have any right to enter 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.

Developer makes no representations or warranties as to the type, amount, nature, quality or fitness for intended use of the Golf Course Property constructed by the owner or operator of the Golf Course Property. Developer has no control over any property outside of the Condominium Property.

21.1.7 Hurricanes have occurred in Florida and, as property near the Atlantic Ocean, the Condominium Property is exposed to the potential damages of hurricanes and high winds, including, but not limited to, damage from storm surges and wind driven rain. Water or other damages from this or other extraordinary causes shall not be the responsibility of Developer. There are dangers associated with use of the adjacent Atlantic Ocean, including but not limited to drowning from riptides and other causes, shark, fish, shellfish or other flora and fauna stings and bites, as well as cuts and abrasions from coquina and other rock formations.

21.1.8 Although the Property which will constitute the Condominium is located in close proximity to a beach on the Atlantic Ocean and a golf course known as Ocean Hammock Golf and Country Club (the "Golf Club"), Units in the Condominium may or may not have a view of the Atlantic Ocean, the Golf Club, or any other view from the Condominium or any Unit contained therein. Neither views of the Atlantic Ocean or the Golf Club, nor any other view from the Condominium or any Unit contained therein, are represented or guaranteed by Developer. Any representation or warranty regarding views or the passage of light or air are expressly disclaimed by Developer. The beach adjacent to the Atlantic Ocean contains naturally occurring coquina and other rocky formations which may interfere with use of the beach for beach going activities, including, but not limited to, sunbathing and swimming.

IN WITNESS WHEREOF, CENTEX HOMES has caused these presents to be executed by its authorized agent, this 25 day of September, 2002.

Signed, sealed and delivered in the presence of:

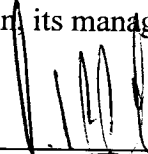
“DEVELOPER”

CENTEX HOMES, a Nevada general partnership

By: CENTEX REAL ESTATE CORPORATION, a Nevada corporation, its managing partner

Print Name: CHR
Christina D Alvarez

Print Name: Sara S. DiSalvo
SARA S. DiSalvo

By: 
Print Name: John P. Kenihan
Its: Division President

STATE OF Florida

OFF REC 0858 PAGE 0382

COUNTY OF Seminole

The foregoing instrument was acknowledged before this 25 day of September, 2002, by Sohn P. Lehman, the Division President of CENTEX REAL ESTATE CORPORATION, a Nevada corporation, the Managing Partner of Centex Homes, a Nevada general partnership, on behalf of the corporation and the general partnership, who is personally known to me or who produced _____ as identification and who did not take an oath. .

Laura L. DiSalvo
Print Name: LAURA L. DISALVO
Notary Public, State of Florida
Commission # CC921018
Commission Expires: 3/21/04

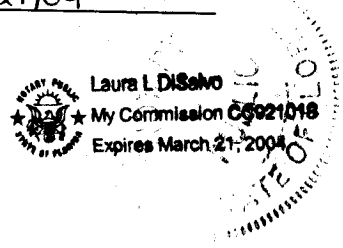


EXHIBIT A-1

OFF REC 0858 PAGE 0383

PHASE 1 LANDS

PARCEL 10, NORTHSORE PLAT 5, AS RECORDED IN MAP BOOK 32, PAGES 38 THROUGH 40 INCLUSIVE, OF THE PUBLIC RECORDS OF FLAGLER COUNTY, FLORIDA.

EXHIBIT A-2

OFF REC 0858 PAGE 0384

PHASE 2 LANDS

PARCEL 11, NORTHSHORE PLAT 5, AS RECORDED IN MAP BOOK 32, PAGES 38 THROUGH 40 INCLUSIVE, OF THE PUBLIC RECORDS OF FLAGLER COUNTY, FLORIDA.

EXHIBIT A-3

OFF REC 0858 PAGE 0385

PHASE 3 LANDS

PARCEL 12, NORTSHORE PLAT 5, AS RECORDED IN MAP BOOK 32, PAGES 38 THROUGH 40 INCLUSIVE, OF THE PUBLIC RECORDS OF FLAGLER COUNTY, FLORIDA.

EXHIBIT A-4

OFF REC 0858 PAGE 0386

PHASE 4 LANDS

PARCEL 9, NORTHSORE PLAT 5, AS RECORDED IN MAP BOOK 32, PAGES 38 THROUGH 40 INCLUSIVE, OF THE PUBLIC RECORDS OF FLAGLER COUNTY, FLORIDA.

EXHIBIT A-5

OFF 0858 PAGE 0387
REC

PHASE 5 LANDS

PARCEL 13, NORTSHORE PLAT 5, AS RECORDED IN MAP BOOK 32, PAGES 38 THROUGH 40 INCLUSIVE, OF THE PUBLIC RECORDS OF FLAGLER COUNTY, FLORIDA.

EXHIBIT A-6

**OFF
REC 0858 PAGE 0388**

PHASE 6 LANDS

PARCEL 8, NORTHSORE PLAT 5, AS RECORDED IN MAP BOOK 32, PAGES 38 THROUGH 40 INCLUSIVE, OF THE PUBLIC RECORDS OF FLAGLER COUNTY, FLORIDA.

EXHIBIT A-7

PHASE 7 LANDS

PARCEL 7, NORTHSORE PLAT 5, AS RECORDED IN MAP BOOK 32, PAGES 38 THROUGH 40 INCLUSIVE, OF THE PUBLIC RECORDS OF FLAGLER COUNTY, FLORIDA.

EXHIBIT A-8

OFF REC 0858 PAGE 0390

PHASE 8 LANDS

PARCEL 14, NORTHSORE PLAT 5, AS RECORDED IN MAP BOOK 32, PAGES 38 THROUGH 40 INCLUSIVE, OF THE PUBLIC RECORDS OF FLAGLER COUNTY, FLORIDA.

EXHIBIT A-9

OFF REC 0858 PAGE 0391

PHASE 9 LANDS

PARCEL 6, NORTHSORE PLAT 5, AS RECORDED IN MAP BOOK 32, PAGES 38 THROUGH 40 INCLUSIVE, OF THE PUBLIC RECORDS OF FLAGLER COUNTY, FLORIDA.

EXHIBIT A-10

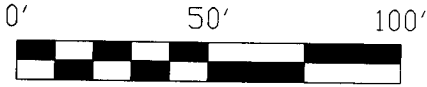
OFF REC 0858 PAGE 0392

PHASE 10 LANDS

PARCEL 5, NORTHSORE PLAT 5, AS RECORDED IN MAP BOOK 32, PAGES 38 THROUGH 40 INCLUSIVE, OF THE PUBLIC RECORDS OF FLAGLER COUNTY, FLORIDA.

EXHIBIT B

**SURVEY, GRAPHIC DESCRIPTION
AND SURVEY AND PLOT PLAN OF PHASE 1 LANDS,
SURVEY AND PLOT PLAN OF PHASE 2 LANDS,
SURVEY AND PLOT PLAN OF PHASE 3 LANDS,
SURVEY AND PLOT PLAN OF PHASE 4 LANDS,
SURVEY AND PLOT PLAN OF PHASE 5 LANDS,
SURVEY AND PLOT PLAN OF PHASE 6 LANDS,
SURVEY AND PLOT PLAN OF PHASE 7 LANDS,
SURVEY AND PLOT PLAN OF PHASE 8 LANDS,
SURVEY AND PLOT PLAN OF PHASE 9 LANDS,
AND SURVEY AND PLOT PLAN OF PHASE 10 LANDS**



SCALE 1" = 50'

R=350.00'
D=42°16'15"
L=258.22'
T=135.30'
CH=N02°19'00"E
CD=252.40

C1
R=157.00'
D=24°46'54"
L=67.91'

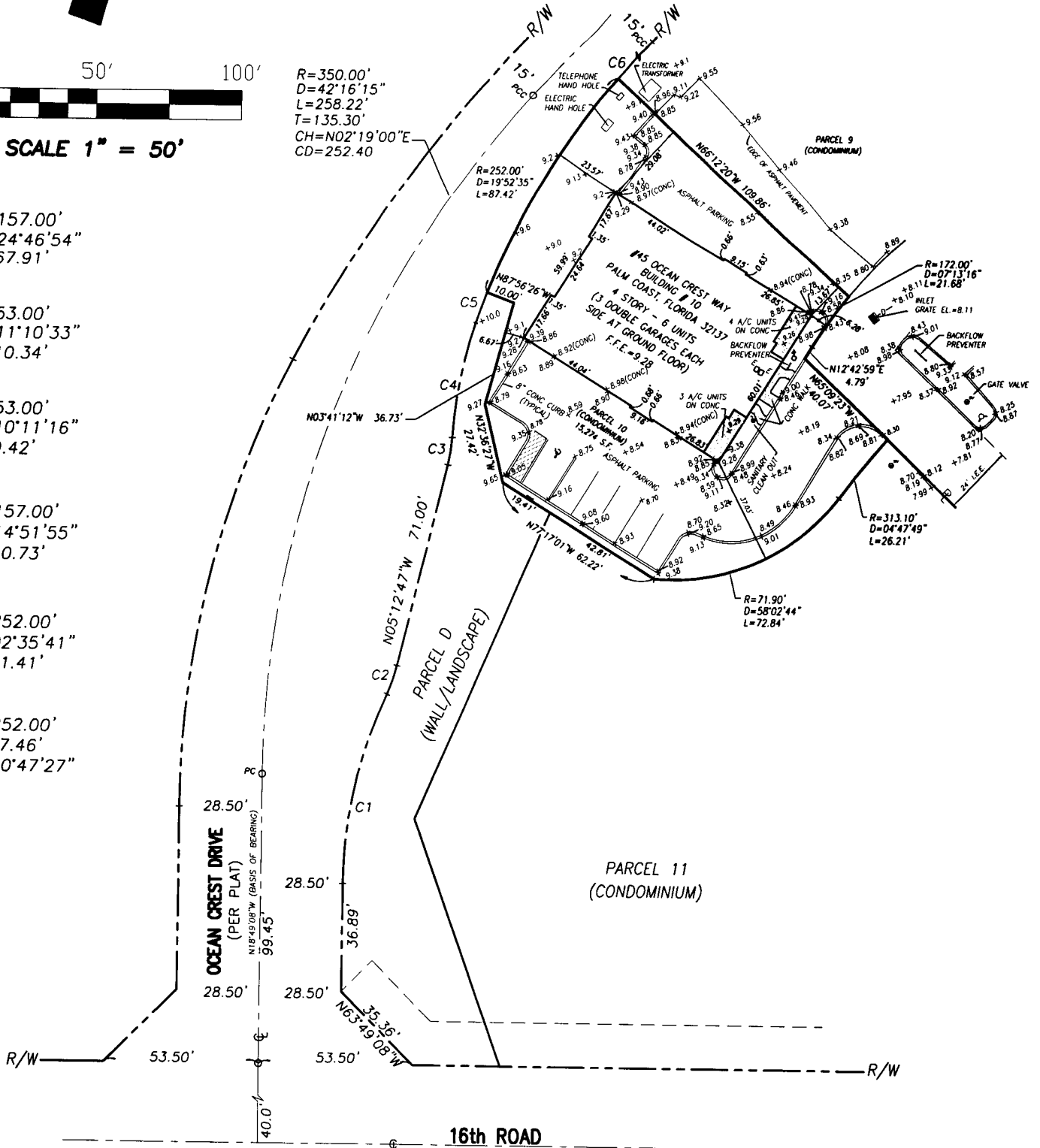
C2
R=53.00'
D=11°10'33"
L=10.34'

C3
R=53.00'
D=10°11'16"
L=9.42'

C4
R=157.00'
D=14°51'55"
L=40.73'

C5
R=252.00'
D=02°35'41"
L=11.41'

C6
R=252.00'
L=47.46'
D=10°47'27"



G:\LAND PROJECTS\199229CENT\dwg\229-BD1.dwg 09/25/2002 08:25:29 PM EDT

SEE SHEET 2 FOR DESCRIPTION, NOTES, ABBREVIATIONS, SYMBOLS AND SIGNATURE.

THIS SURVEY NOT VALID WITHOUT THE SIGNATURE AND ORIGINAL RAISED SEAL OF A FLORIDA REGISTERED SURVEYOR AND MAPPER



LB 12232

TOMOKA ENGINEERING

CIVIL ENGINEERING & LAND SURVEYING SINCE 1976
DAYTONA BEACH FLAGLER/PALM COAST

Main Office: 900 So. Ridgewood Ave., Daytona Beach, FL 32114
Phone: 386-257-1600 Fax: 386-257-1601

email: tomoka@tomoka-eng.com website: www.tomoka@tomoka-eng.com

BOUNDARY SURVEY

PROJECT NO.	99229CENT
DRAWING REFERENCE NO.	229-BD1
DATE:	9/05/02
SHEET NO.	1 OF 2

LEGAL DESCRIPTION

PARCEL 10, NORTHSHORE PLAT 5,
AS RECORDED IN MAP BOOK 32,
PAGES 38 THROUGH 40, INCLUSIVE,
OF THE PUBLIC RECORDS
OF FLAGLER COUNTY, FLORIDA.

OFF REC 0858 PAGE 0395

SURVEYOR'S NOTES:

1. BEARINGS BASED ON RECORD PLAT WITH THE BEARING OF THE CENTER LINE OF OCEAN CREST DRIVE BEING N18°49'08"W.
2. THIS SURVEY IS NOT VALID WITHOUT THE SIGNATURE AND THE ORIGINAL RAISED SEAL OF A FLORIDA LICENSED SURVEYOR / MAPPER.
3. FIELD WORK FOR THIS SURVEY WAS COMPLETED ON SEPTEMBER 5, 2002.
4. UNDERGROUND UTILITIES NOT LOCATED EXCEPT AS SHOWN.
5. UNDERGROUND FOUNDATIONS, IF ANY, NOT LOCATED.
6. ALL MEASUREMENTS SHOWN ARE RECORD AND MEASURED UNLESS OTHERWISE NOTED.
7. THERE MAY BE ADDITIONAL EASEMENTS, RESTRICTIONS AND/OR OTHER MATTERS NOT SHOWN ON THIS SURVEY WHICH MAY BE FOUND IN THE COUNTY PUBLIC RECORDS.
8. AREA OF SURVEY LIES WITHIN FLOOD ZONE "B" BASED UPON COMMUNITY PANEL #120085-0035-C OF THE FLOOD INSURANCE RATE MAPS FOR FLAGLER COUNTY, FLORIDA, DATED JULY 15, 1992.
9. ELEVATIONS SHOWN ON THIS SURVEY ARE REFERENCED TO THE NATIONAL GEODETIC VERTICAL DATUM, 1929, (NGVD29) PER MEASUREMENT FROM THE NATIONAL GEODETIC SURVEY (NGS) BENCHMARK NO. B-321, HAVING A PUBLISHED ELEVATION OF 10.53 FEET, NGVD29.

CERTIFIED TO

STREET ADDRESS

#200 OCEAN CREST WAY
BUILDING #10
PALM COAST, FLORIDA 32137

ABBREVIATIONS

C=CURVE	S/SECT=SECTION	PCC=POINT OF COMPOUND CURVATURE	PRM=PERMANENT REFERENCE MONUMENT
D=DELTA	R/RNG=RANGE	PCP=PERMANENT CONTROL POINT	PLS=PROFESSIONAL LAND SURVEYOR
R=RADIUS	T/TWP=TOWNSHIP	PC=POINT OF CURVE	PE=PROFESSIONAL ENGINEER
L=LENGTH	I.D=IDENTIFICATION	PT=POINT OF TANGENCY	ORB=OFFICIAL RECORD BOOK
CH=CHORD	CONC=CONCRETE	PI=POINT OF INTERSECTION	FFE=FINISH FLOOR ELEVATION
TB=TANGENT BEARING	(R)=RECORD	PB=PLAT BOOK	(NR)=NON-RADIAL
CB=CHORD BEARING	(F)=FIELD MEASURED	PG=PAGE	(RAD)=RADIAL
R/W=RIGHT OF WAY	I.E.E.=INGRESS/EGRESS EASEMENT	POB=POINT OF BEGINNING	A/C=AIR CONDITIONER UNIT
CL = CENTER LINE		POC=POINT OF COMMENCEMENT	
		MB=MAP BOOK	

SYMBOLS

- | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> ⊙ UTILITY POLE (WOOD) ⊗ UTILITY POLE (CONC) → GUY WIRE ⊕ BENCH MARK □^W WATER METER ☆ LIGHT POLE ⊕ FIRE HYDRANT ⊕ TELEPHONE JUNCTION BOX □^G GAS METER □^{PB} POSTAL MAIL BOX □^E ELECTRIC METER MANHOLE (? TYPE) S SANITARY SEWER D STORM DRAINAGE E ELECTRIC T TELEPHONE ⊕^{FPL} FPL ELECTRIC TRANSFORMER ON 4'x4.5' CONC PAD | <ul style="list-style-type: none"> ■ SET 4x4x24 CONCRETE MONUMENT #2232 ● SET 5/8" x18" IRON ROD WITH CAP #2232 ⊙ SET NAIL/DISK #2232 ⊙ IRON PIPE FOUND SIZE SHOWN ○ FOUND 5/8" IRON ROD WITH CAP-NUMBER INDICATED ⊙ NAIL FOUND □ CONCRETE MONUMENT FOUND 4"x4", RLS #2642 -X-X- FENCE TYPE INDICATED -OU- OVERHEAD UTILITY x 92.3 =EXISTING ELEVATION 92.3 =PROPOSED ELEVATION ⊙ =PROPOSED TREE |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

DATE OF FIELD SURVEY

BOUNDARY SURVEY	_____
FOUNDATION SURVEY	_____
FINAL SURVEY	9/05/2002
RECERTIFICATION SURVEY	_____
REVISED CERTIFICATIONS	_____

Peter G. Johnson
PETER G. JOHNSON
FLA. PROFESSIONAL SURVEYOR/MAPPER # 5913



TOMOKA ENGINEERING

CIVIL ENGINEERING & LAND SURVEYING SINCE 1976
DAYTONA BEACH FLAGLER/PALM COAST

Main Office: 900 So. Ridgewood Ave., Daytona Beach, FL 32114
Phone: 386-257-1600 Fax: 386-257-1601
email: tomoka@tomoka-eng.com website: www.tomoka@tomoka-eng.com

BOUNDARY SURVEY

PROJECT NO.	99229CENT
DRAWING	
REFERENCE NO.	229-BD1
DATE:	9/05/02
SHEET NO.	2 OF 2

CERTIFICATE OF APPROVAL BY COUNTY COMMISSIONER OF FLAGLER COUNTY, FLORIDA
THIS IS TO CERTIFY THAT ON THE 5th DAY OF March 2001...

1. HEREBY CERTIFY THAT THE UNDERSIGNED IS A LICENSED PROFESSIONAL SURVEYOR AND MAPS AND IS OTHER APPROVED AS A LICENSED PROFESSIONAL SURVEYOR...

2. NORTHERN OCEAN HAMMOCK INVESTMENT, L.P., A GEORGIA LIMITED PARTNERSHIP, AS RECORD OF THE RECORDING COMMISSIONERS OF FLAGLER COUNTY...

CERTIFICATE OF APPROVAL BY THE PLANNING BOARD
THE FLAGLER COUNTY PLANNING BOARD HEREBY APPROVES THE FINAL PLAT FOR THE SUBDIVISION PLAT OF NORTHERN OCEAN HAMMOCK INVESTMENT, L.P....

CERTIFICATE OF APPROVAL
THIS IS TO CERTIFY THAT ON THE 24th DAY OF March 2001...

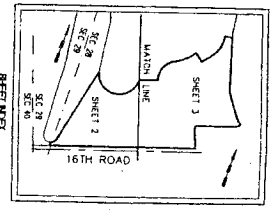
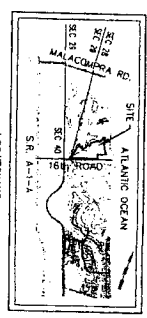
CERTIFICATE OF APPROVAL
THIS IS TO CERTIFY THAT ON THE 5th DAY OF March 2001...

CERTIFICATE OF APPROVAL
THIS IS TO CERTIFY THAT ON THE 5th DAY OF March 2001...

CERTIFICATE OF APPROVAL
THIS IS TO CERTIFY THAT ON THE 5th DAY OF March 2001...

CERTIFICATE OF APPROVAL
THIS IS TO CERTIFY THAT ON THE 5th DAY OF March 2001...

NORTHSHORE PLAT FIVE
SITUATED IN FLAGLER COUNTY, FLORIDA
GOVERNMENT SECTIONS 28 AND 29, TOWNSHIP 10 SOUTH, RANGE 31 EAST
A PORTION OF THE HAMMOCK DUNES DRI PROJECT



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

GENERAL NOTES
1) NORTHERN OCEAN HAMMOCK INVESTMENT, L.P. HAS TAKEN TITLE TO THE LANDS AND INTERESTS SHOWN HEREIN BY DEEDS DATED FEBRUARY 5, 1996 AND FEBRUARY 12, 1996...

CERTIFICATE OF SURVEY
I HEREBY CERTIFY THAT I AM A LICENSED PROFESSIONAL SURVEYOR AND MAPS AND IS OTHER APPROVED AS A LICENSED PROFESSIONAL SURVEYOR...

SECTION AND RESERVATION
KNOW ALL MEN BY THESE PRESENTS THAT NORTHERN OCEAN HAMMOCK INVESTMENT, L.P., A GEORGIA LIMITED PARTNERSHIP, THE OWNER OF THE LAND DESCRIBED ON THIS PLAT...

STATE OF FLORIDA
COUNTY OF FLAGLER
I HEREBY CERTIFY THAT I AM A LICENSED PROFESSIONAL SURVEYOR...

THE VILLAS AT HAMMOCK BEACH
PLOT PLAN



SCALE: 1" = 120'
 DATE: 8/22/01

- BUILDING 5 - RESORT CONDOMINIUM 4,800 SF 4 FLOORS
- BUILDING 6 - RESORT CONDOMINIUM 4,800 SF 4 FLOORS
- BUILDING 7 - RESORT CONDOMINIUM 4,800 SF 4 FLOORS
- BUILDING 8 - RESORT CONDOMINIUM 4,800 SF 4 FLOORS
- BUILDING 9 - RESORT CONDOMINIUM 4,800 SF 4 FLOORS
- BUILDING 10 - RESORT CONDOMINIUM 4,800 SF 4 FLOORS
- BUILDING 11 - RESORT CONDOMINIUM 9,720 SF 5 FLOORS
- BUILDING 12 - RESORT CONDOMINIUM 9,720 SF 5 FLOORS
- BUILDING 13 - RESORT CONDOMINIUM 9,720 SF 5 FLOORS
- BUILDING 14 - RESORT CONDOMINIUM 9,720 SF 5 FLOORS

	NON-CONDOMINIUM PROPERTY
	PARCEL B PARKING EASEMENT
	LOOP ROAD

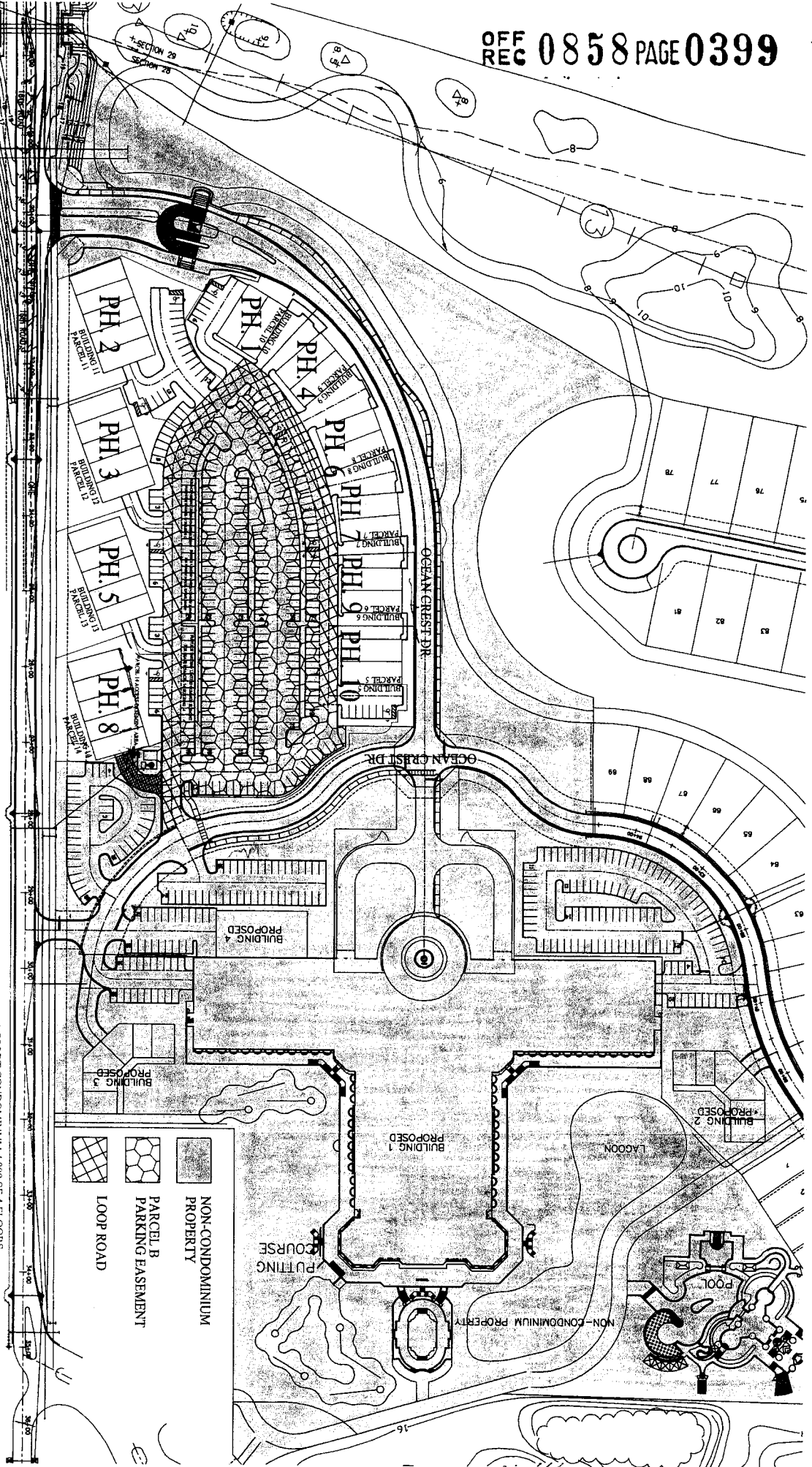
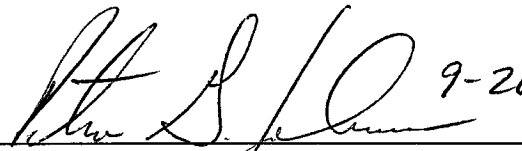


Exhibit B-1
"Surveyor's Certificate"

OFF REC 0858 PAGE 0400

I, Peter G. Johnson, of Tomoka Engineering, do hereby certify that I am a Professional Surveyor and Mapper, Certificate # 5913, authorized and licensed to practice in the State of Florida and that the construction of the improvements of Units 1011, 1012, 1021, 1022, 1031 and 1032, Building 10, Parcel 10 of Northshore Plat 5 as recorded in Map Book 32, Pages 38 - 40 is substantially complete so that the survey, plot plan, graphic description of improvements, together with the provisions of the Declaration of Condominium describing the condominium property present an accurate representation of the location and dimensions of the improvements constituting Units 1011, 1012, 1021, 1022, 1031 and 1032, Building 10 and that the identification, location, and dimensions of the common elements and limited common elements of each Unit can be determined from these materials. I further certify that all plan improvements including but not limited to, common element and limited common element facilities serving Units 1011, 1012, 1021, 1022, 1031 and 1032, Building 10 have been substantially completed.

Signed

 9-26-02

Peter G. Johnson
Florida Professional Surveyor and Mapper
Certificate No. 5913
Tomoka Engineering
900 South Ridgewood Avenue
Daytona Beach, Florida 32114
Certificate of Authorization No. LB 2232

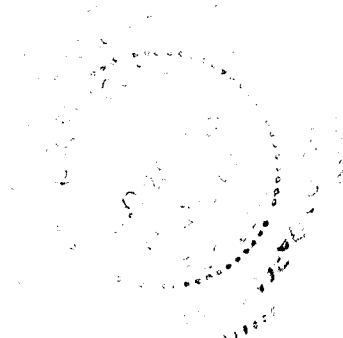
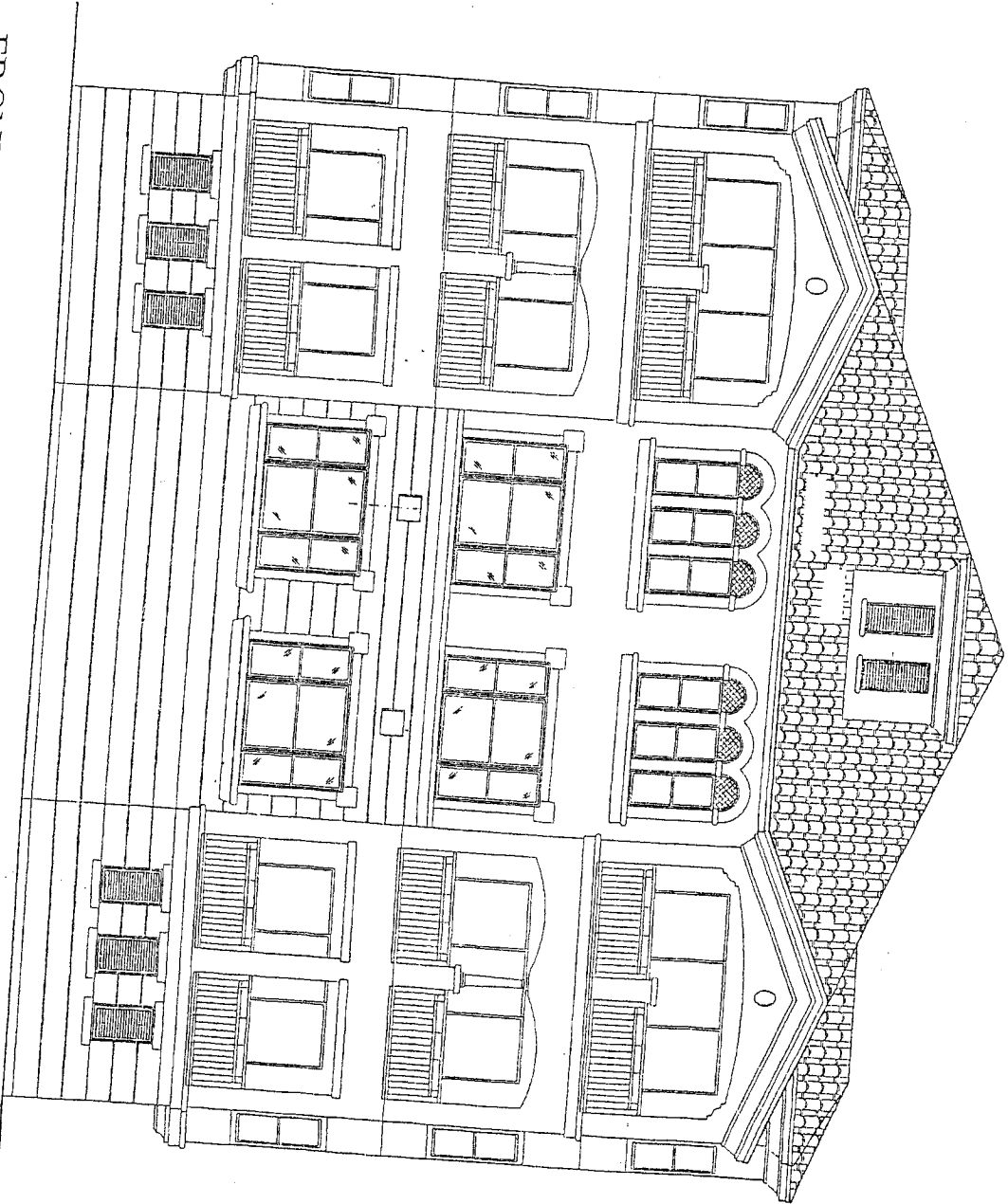


EXHIBIT C
PHASE 1 FLOOR PLANS

OFF REC 0858 PAGE 0401

BUILDING 10



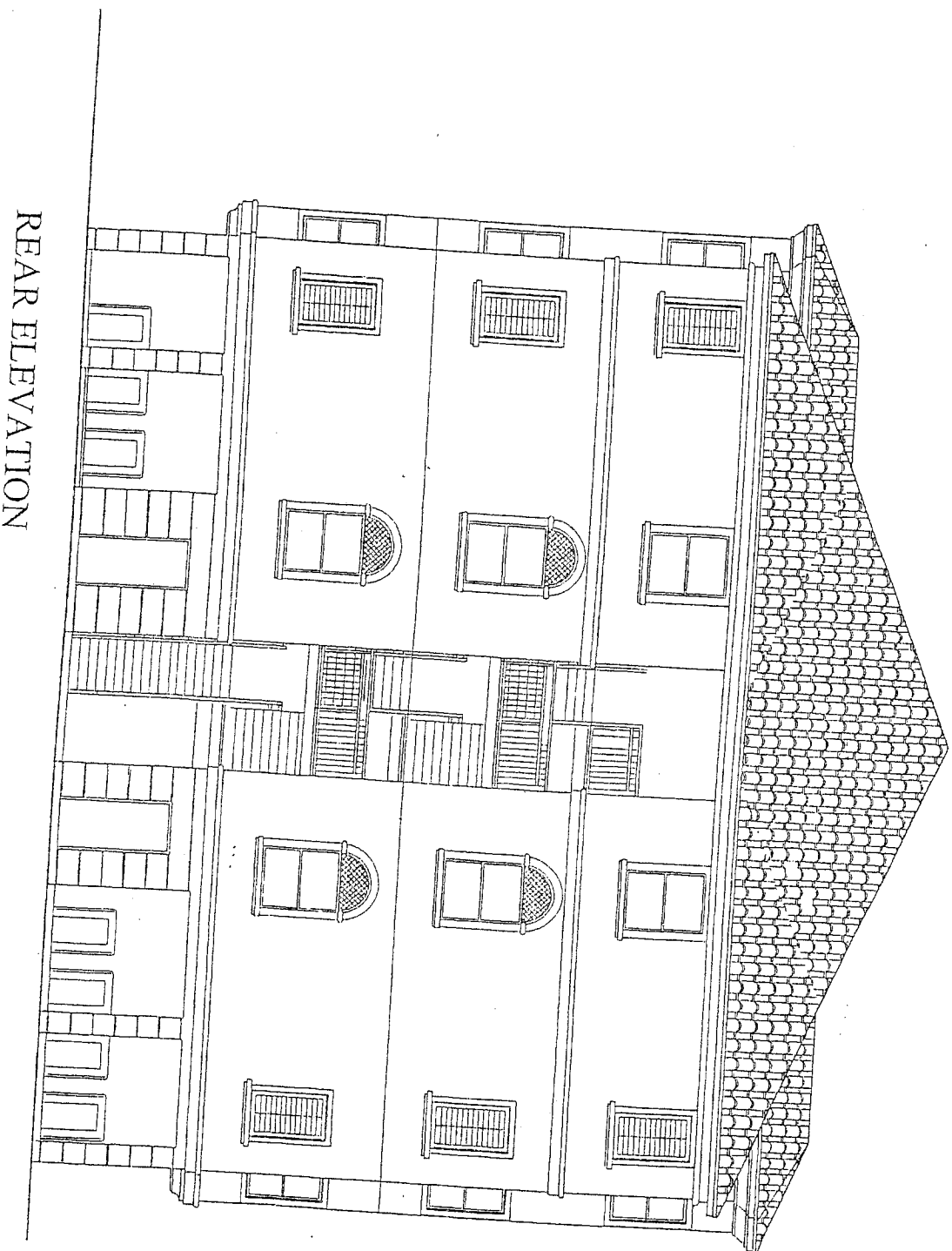
FRONT ELEVATION

THE VILLAS AT HAMMOCK BEACH

6 PLEX CONDOMINIUM

CENTEX HOMES
ALL RENDERINGS ARE CONCEPTUAL IN
NATURE AND ARE SUBJECT TO CHANGE

BUILDING 10



REAR ELEVATION

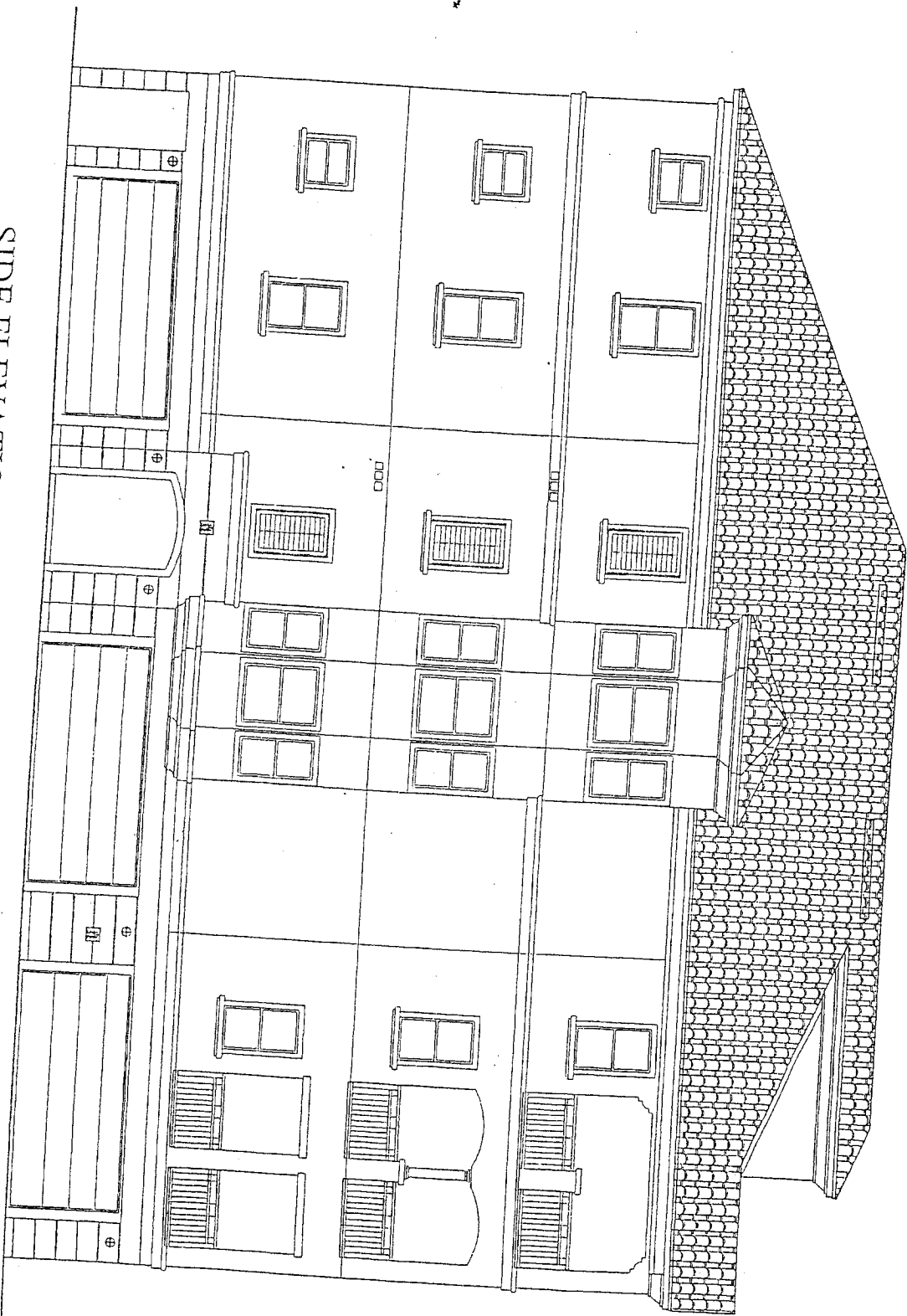
THE VILLAS AT HAMMOCK BEACH

6 PLEX CONDOMINIUM

CENTEX HOMES

ALL RENDERINGS ARE CONCEPTUAL IN NATURE AND ARE SUBJECT TO CHANGE

BUILDING 10



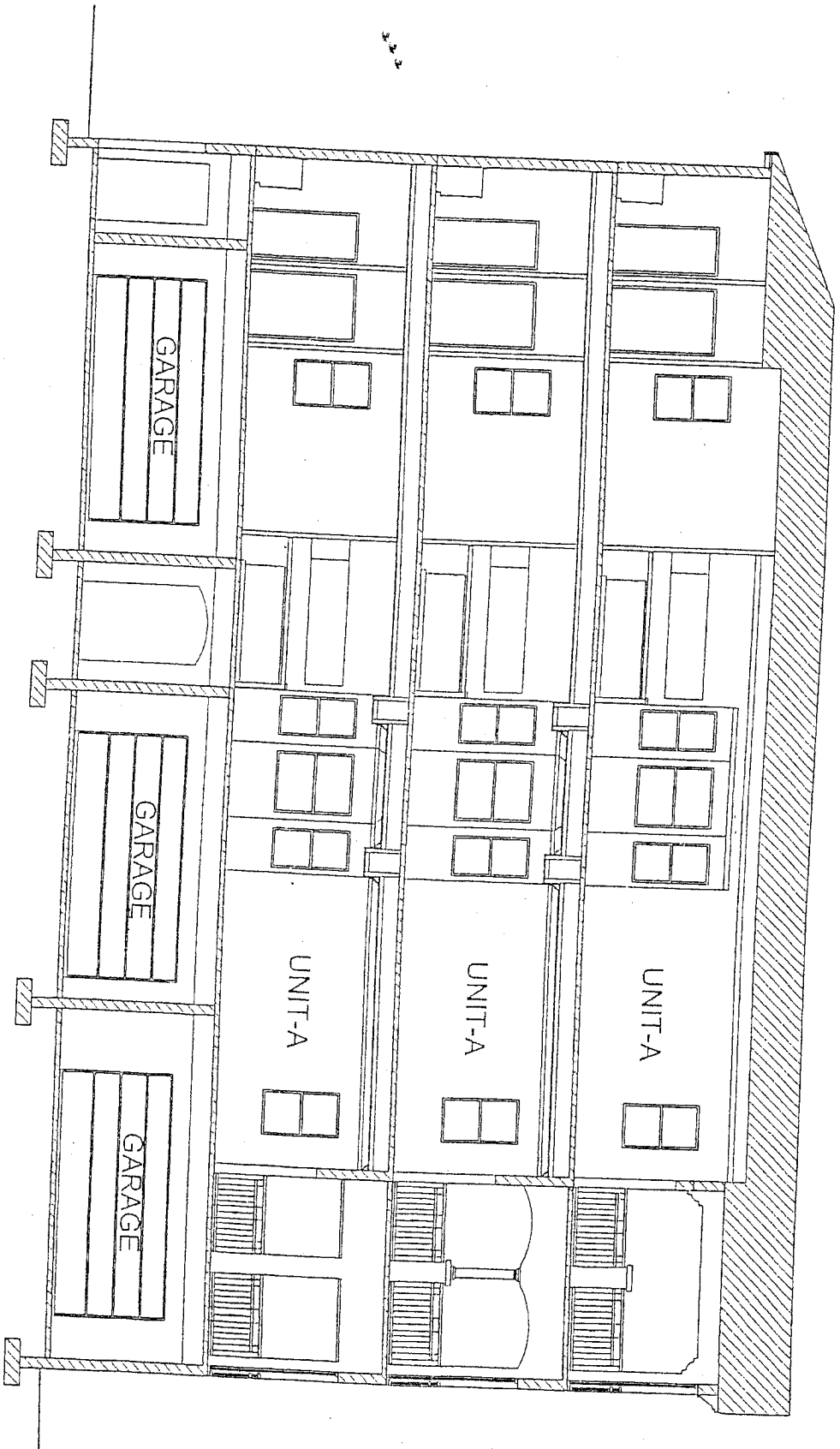
SIDE ELEVATION

THE VILLAS AT HAMMOCK BEACH

6 PLEX CONDOMINIUM

CENTEX HOMES
 ALL RENDERINGS ARE CONCEPTUAL IN
 NATURE AND ARE SUBJECT TO CHANGE

BUILDING 10



BUILDING CROSS SECTION

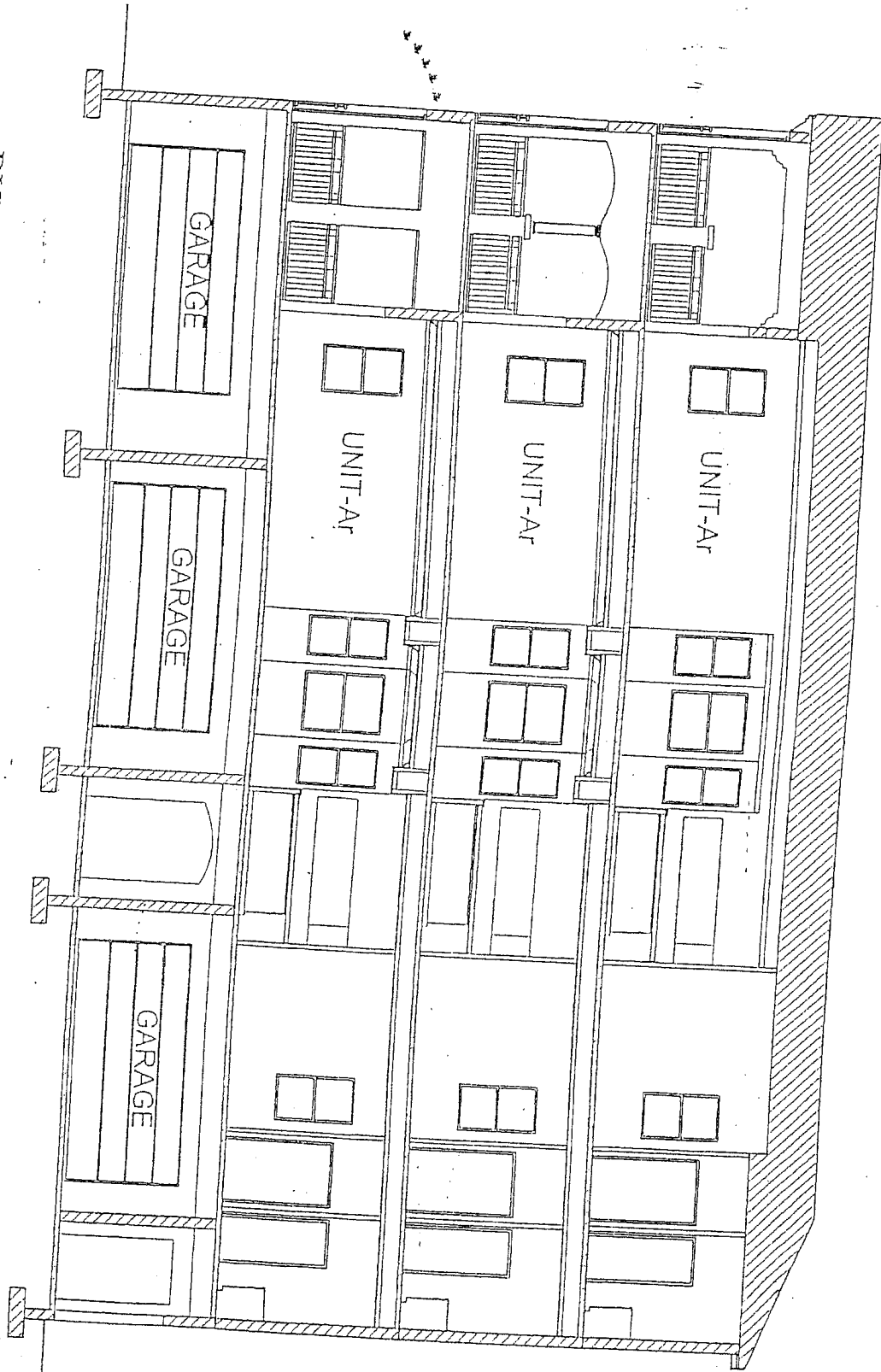
THE VILLAS AT HAMMOCK BEACH

6 PLEX CONDOMINIUM

CENTEX HOMES

ALL RENDERINGS ARE CONCEPTUAL IN NATURE AND ARE SUBJECT TO CHANGE

BUILDING 10



BUILDING CROSS SECTION

THE VILLAS AT HAMMOCK BEACH

6 PLEX CONDOMINIUM

CENTEX HOMES
 ALL RENDERINGS ARE CONCEPTUAL IN
 NATURE AND ARE SUBJECT TO CHANGE


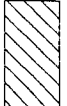

UNIT #
1012
1022

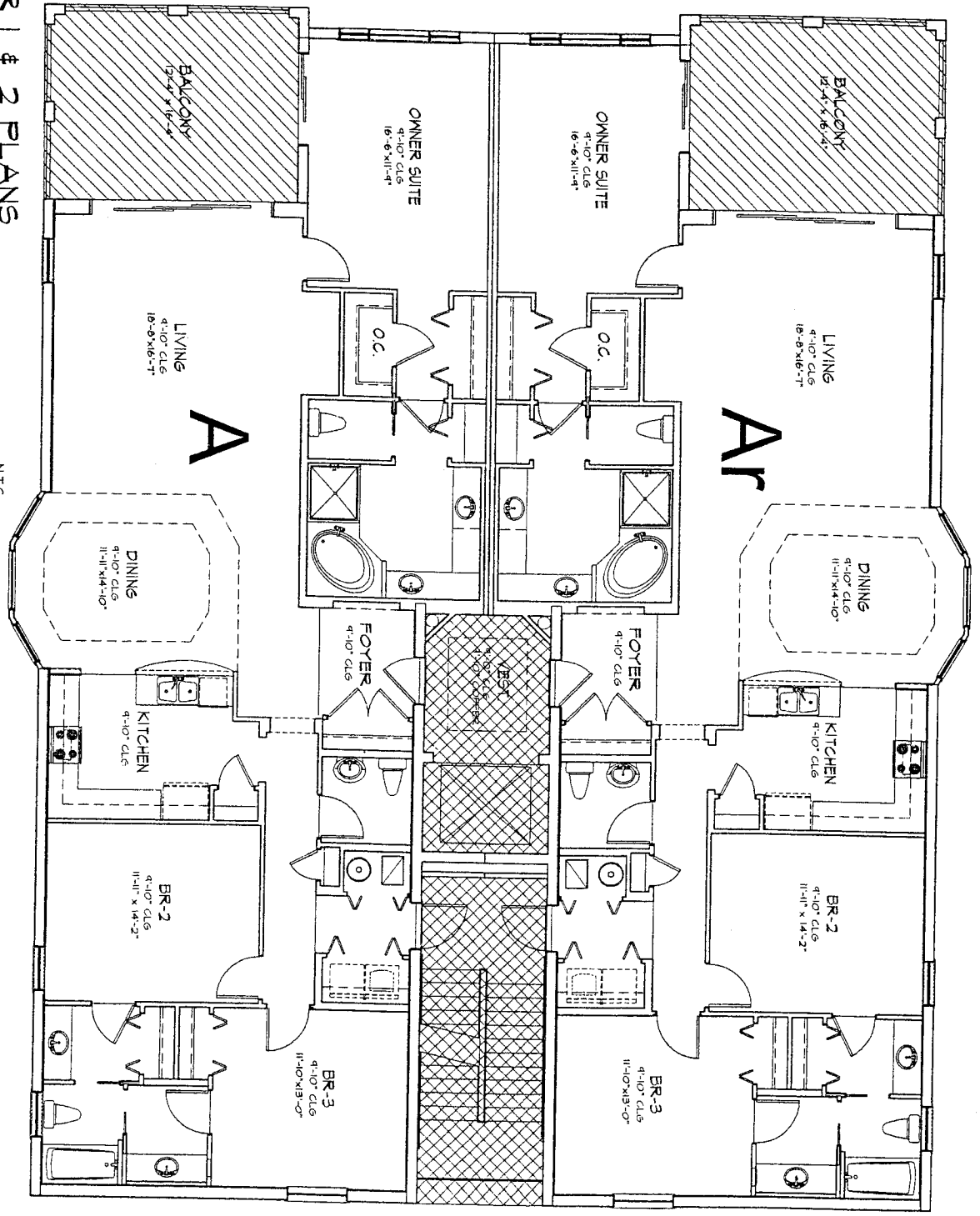
OFF REC 0858 PAGE 0407

UNIT #
1011
1021

FLOOR 1 & 2 PLANS

ALL RENDERINGS AND FLOOR PLANS ARE CONCEPTUAL IN NATURE AND ARE SUBJECT TO CHANGE.
ROOM SIZES SHOWN ON PLAN BY MEASURING FROM UNDECORATED OR UNFINISHED INTERIOR OF PERIMETER WALLS, ARE APPROXIMATE AND ARE SUBJECT TO CHANGE.

 DENOTES LIMITED COMMON AREAS
 DENOTES COMMON AREAS
 DENOTES UNIT AREAS



NT'S

AREA: (MEASURED FROM CENTER OF INTERIOR COMMON WALLS TO OUTSIDE OF EXTERIOR WALLS)

Living	2,014 SF
Balcony	222 SF
Total	2,236 SF

AREA: (MEASURED FROM UNDECORATED OR UNFINISHED INTERIOR OF PERIMETER WALLS)




Living	1,859 SF
Balcony	217 SF
Total	2,076 SF

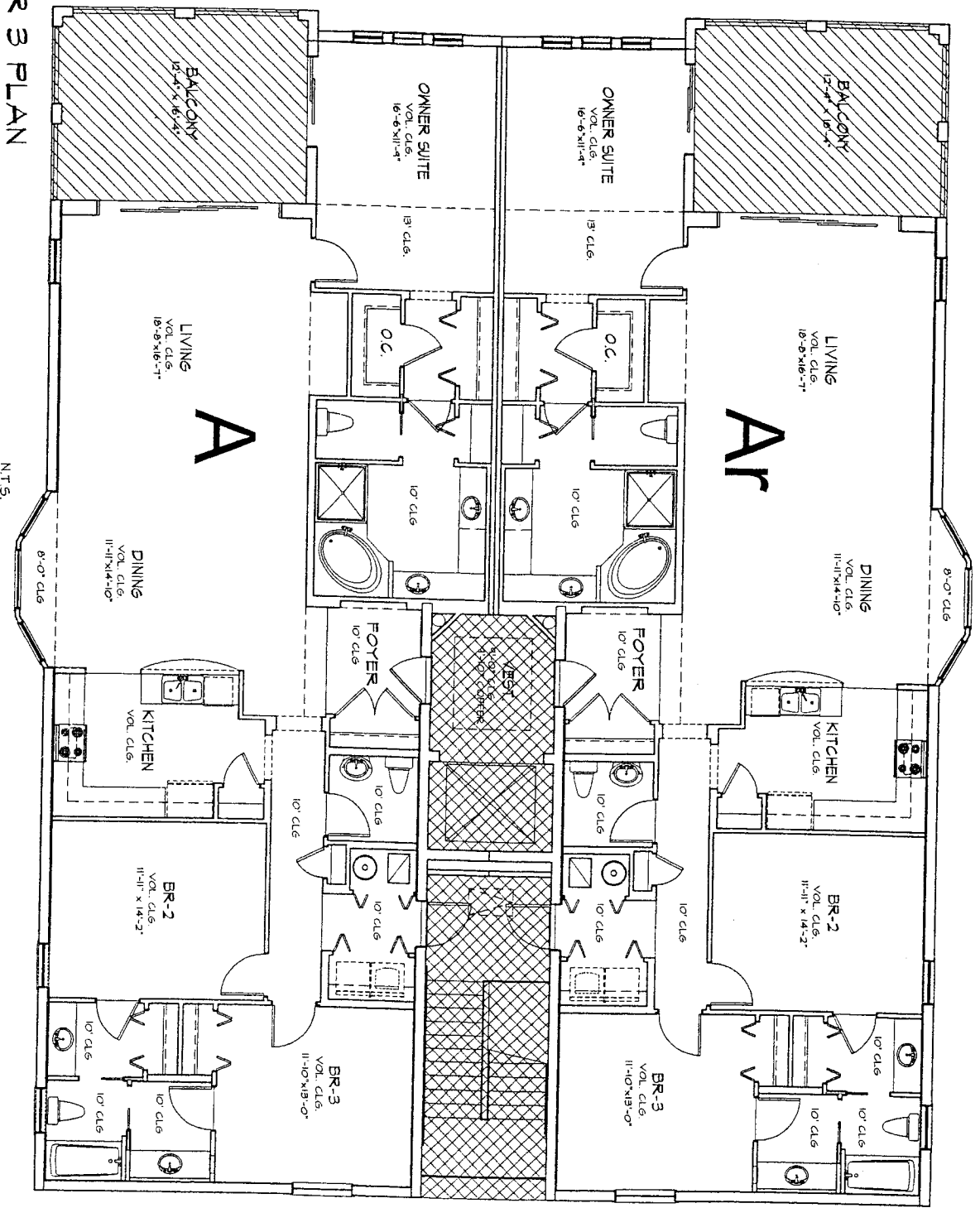
UNIT #1032

UNIT #1031

FLOOR 3 PLAN

ALL RENDERINGS AND FLOOR PLANS ARE CONCEPTUAL IN NATURE AND ARE SUBJECT TO CHANGE.
 ROOM SIZES SHOWN ON PLAN BY MEASURING FROM UNDECORATED OR UNFINISHED INTERIOR OF PERIMETER WALLS. ARE APPROXIMATE AND ARE SUBJECT TO CHANGE.

-  DENOTES LIMITED COMMON AREAS
-  DENOTES COMMON AREAS
-  DENOTES UNIT AREAS

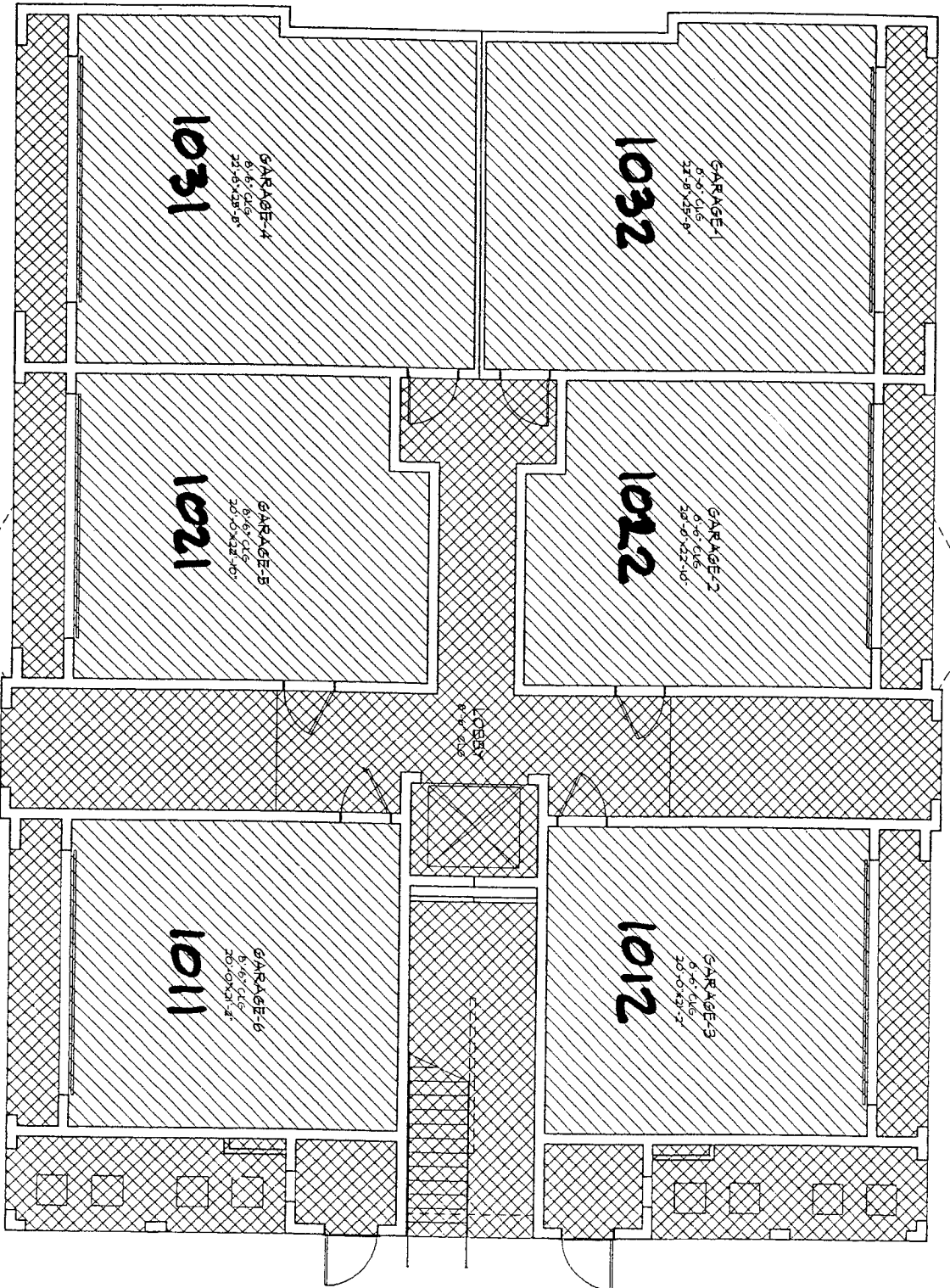


AREA: MEASURED FROM CENTER OF INTERIOR COMMON WALLS TO OUTSIDE OF EXTERIOR WALLS)

Living	2,014 SF
Balcony	222 SF
Total	2,236 SF

AREA: MEASURED FROM UNDECORATED OR UNFINISHED INTERIOR OF PERIMETER WALLS)

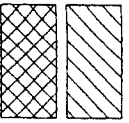
Living	1,854 SF
Balcony	217 SF
Total	2,076 SF



N.T.S.

GARAGE PLAN

ALL RENDERINGS AND FLOOR PLANS ARE CONCEPTUAL IN NATURE AND ARE SUBJECT TO CHANGE.
 ROOM SIZES SHOWN ON PLAN BY MEASURING FROM UNDECORATED OR UNFINISHED INTERIOR OF PERIMETER WALLS, ARE APPROXIMATE AND ARE SUBJECT TO CHANGE.



DENOTES LIMITED COMMON AREAS
 DENOTES COMMON AREAS

AREA:
 (MEASURED FROM CENTER OF INTERIOR COMMON WALLS TO OUTSIDE OF EXTERIOR WALLS)

GARAGE 1 & 4 (EACH)	616 SF
GARAGE 2 & 5 (EACH)	442 SF
GARAGE 3 & 6 (EACH)	480 SF

AREA:
 (MEASURED FROM UNDECORATED OR UNFINISHED INTERIOR OF PERIMETER WALLS)

GARAGE 1 & 4 (EACH)	565 SF
GARAGE 2 & 5 (EACH)	441 SF
GARAGE 3 & 6 (EACH)	423 SF

BUILDING-10

EXHIBIT D

DECLARATION OF EASEMENTS AND PARCEL 14 EASEMENT

Inst No: 01033520 Date: 11/08/2001
GAIL WADSWORTH, FLAGLER County
By: V. W. W. D.C. Time: 16:27:43

OFF REC 0780 PAGE 0252

OFF REC 0858 PAGE 0411

DECLARATION OF EASEMENTS

THIS DECLARATION OF EASEMENTS ("Declaration") is made and entered into this 2nd day of November, 2001, by **NORTHSHORE OCEAN HAMMOCK INVESTMENT, L.P.**, a Georgia limited partnership (hereinafter called "Declarant"), which declares that Parcels 5, 6, 7, 8, 9, 10, 11, 12, 13 and 14, Parcel B and Parcel E (hereinafter defined) are and shall be held, transferred, sold, conveyed and occupied subject to the easements, charges and obligations hereinafter set forth.

WITNESSETH:

WHEREAS, except for Parcel 1, Declarant is the owner of Tract C-5 ("Tract C-5"), as shown on that certain Northshore Plat Five recorded at Map Book 32 at Page 38 on March 19, 2001, Flagler County, Florida records (the "Plat"); and

WHEREAS, pursuant to the Plat, Tract C-5 has been subdivided into Parcel A (Lake and Landscaping), Parcel B (Parking), Parcel C (Recreational), Parcel D (Wall/Landscaping), Parcel E (Ocean Crest Drive-Private Right-of-Way) and Parcels 1, 1A, 1B and 2 through 14 for future development with condominium buildings; and

WHEREAS, Declarant intends to sell and/or convey Parcels 5, 6, 7, 8, 9, 10, 11, 12, 13 and 14, Parcel B and Parcel E, as shown on the Plat (each Parcel is hereinafter referred to individually as a "Parcel", and collectively as the "Parcels"); and

WHEREAS, the Declarant intends to enter into this Declaration to grant, establish, and create certain easements for the benefit of the Parcels.

NOW THEREFORE, in consideration of the recitals and the covenants and conditions herein contained and other good and valuable consideration, the receipt, adequacy, and legal sufficiency of which are hereby acknowledged, Declarant declares, covenants and agrees as follows:

OFF
REC 0858 PAGE 0412OFF
REC 0780 PAGE 02531. Grant of Parking Easements.

- (a) Declarant does hereby grant, declare, and establish for the benefit of the Parcels and for the owners from time to time of the Parcels or any portion thereof, and such owners' tenants, subtenants, employees, occupants, members, customers, licensees, guests, invitees, agents and contractors a perpetual, non-exclusive easement and right of way for parking on, over, and across the parking areas located or to be located on Parcel B, as the use of such parking areas may be restricted from time to time by Declarant, as owner of Parcel B. Declarant shall determine in its sole and absolute discretion the scope and duration of any parking restrictions with respect to use of the parking areas located on Parcel B.
- (b) The owners from time to time of the Parcels or any portions thereof, and such owners' tenants, subtenants, employees, occupants, members, customers, licensees, guests, invitees, agents and contractors, shall act responsibly in the use of the parking rights of way and easements granted in this paragraph 1 and shall repair, at their sole cost and expense, any damage caused by their use of such rights of way and easements.
- (c) Declarant, its successors and/or assigns shall maintain, in a first class condition, the parking areas on Parcel B. Upon the failure of Declarant to (i) properly maintain the appearance or condition of Parcel B, or (ii) promptly repair any damage to the parking areas located on Parcel B, the owners of the Parcels, acting jointly or severally (including, without limitation, through any property owners' or condominium association to be formed with respect to the Parcels or otherwise) may elect to proceed with the maintenance or repair of the parking areas after written notice to the Declarant specifically describing the nature of such failure and Declarant's failure to cure such failure within thirty (30) days after the receipt of such notice; provided however, that Declarant shall be granted an additional thirty (30) days to cure those matters which cannot reasonably be cured using commercially reasonable efforts within thirty (30) days after Declarant's receipt of written notice thereof. Declarant shall be responsible for the payment of all commercially reasonable and actual costs incurred by or on behalf of the owners of the Parcels (including, without limitation, through any property owners' or condominium association to be formed with respect to the Parcels or otherwise) to effect such repairs, and shall pay or reimburse such owners for such costs within thirty (30) days after receipt of an invoice detailing such costs.

2. Grant of Ingress and Egress Easements.

OFF 0858 PAGE 0413
RECOFF 0780 PAGE 0254
REC

- (a) Declarant does hereby grant, declare and establish for the benefit of Hammock Beach Property Owners Association, the Parcels and the owners from time to time of the Parcels, and such owners' tenants, subtenants, employees, occupants, members, customers, licensees, guests, invitees, agents and contractors, a perpetual, non-exclusive right of way and easement over those portions of Tract C-5 described more specifically as (i) Parcel E on the Plat, which shall include Ocean Crest Drive to and from 16th Road together with the extension of Ocean Crest Drive shown as a fifty (50) foot ingress/ egress easement on the Plat (hereinafter, "Ocean Crest Drive Extension"), and (ii) the twenty-four (24) foot ingress/egress easement located along the perimeter of Parcel B as shown on the Plat (hereinafter, the "Loop Road") for the purposes of providing pedestrian and vehicular (including, without limitation, construction and delivery vehicles and equipment) ingress, egress and regress to, from and between the Parcels and through and across any and all streets, driveways, roadways, sidewalks, walkways, and paths now or hereafter constructed on Tract C-5 necessary to access the parcels and to utilize the parking easement granted in paragraph 1(a) hereof. All maintenance and repair obligations with respect to Ocean Crest Drive, Ocean Crest Drive Extension and Loop Road shall be transferred from Declarant to Hammock Beach Property Owners' Association upon the final construction and paving thereof. Upon such transfer, Declarant shall have no further obligation or liability for the maintenance of Ocean Crest Drive, the Ocean Crest Drive Extension or the Loop Road.
- (b) Until such time as Declarant transfers the maintenance obligations for Ocean Crest Drive, the Ocean Crest Drive Extension, and the Loop Road to Hammock Beach Property Owners' Association, upon the failure of Declarant to (i) properly maintain, in a first class condition, the appearance or condition of Ocean Crest Drive, the Ocean Crest Drive Extension or the Loop Road, or (ii) promptly repair any damage to Ocean Crest Drive, Ocean Crest Drive Extension or Loop Road, the owners of the Parcels, acting jointly or severally (through any property owners' or condominium association to be formed with respect to the Parcels or otherwise) may elect to proceed with the maintenance or repair of said roadways after written notice to the Declarant specifically describing the nature of such failure and Declarant's failure to cure such failure within thirty (30) days after the receipt of such notice; provided however, that Declarant shall be granted an additional thirty (30) days to cure those matters which cannot reasonably be cured using commercially reasonable efforts within thirty (30) days after Declarant's receipt of written notice thereof. Declarant shall be responsible for the payment of all commercially reasonable and actual costs incurred by or on behalf of the owners of such parcels (through any property owners' or condominium association to be formed with respect to the Parcels or otherwise) to effect such repairs, and shall

OFF 0780 PAGE 0255
REC

pay or reimburse such owners for such costs within thirty (30) days after receipt of an invoice detailing such costs.

OFF 0858 PAGE 0414
REC

3. Grant of Utility Easements.

- (a) Declarant does hereby grant, declare and establish for the benefit of the Parcels and for the owners from time to time of the Parcels or any portion thereof, a perpetual, non-exclusive easement to (i) tap into, connect to, maintain, repair, replace and use underground sewer, water, gas, telephone, cable and electric utility lines and facilities now located on Tract C-5 or any of the Parcels, as same may be extended during the course of construction of the improvements thereon in order to provide utility service to each Parcel, (ii) construct on each Parcel underground sewer, water, gas, telephone, cable and electric utility lines and related facilities and improvements necessary to provide utility service to and from each Parcel and off-site utility facilities, and (iii) to drain surface storm water from each Parcel into drainage facilities located from time to time on the Parcels, provided, however, that no owner of a Parcel shall be permitted to construct any surface storm water drainage facilities on said Parcel or any portion thereof. The rights of the owners of Parcels hereunder are subject to each owner's acquisition, at its expense, of all necessary governmental permits and payment of any applicable fees or expenses necessary to hook up to or connect to such lines and facilities. The owner of each Parcel agrees that in exercising the easement rights granted by this paragraph, it will not locate any such utilities in a location or in a manner that materially interferes with any existing improvements.
- (b) The utility lines and facilities contemplated in this paragraph 3 shall be constructed and maintained in a good and workmanlike manner by the owners from time to time of the Parcels or any portion thereof (including without limitation, through any property owners' or condominium association formed with respect to the Parcels). In the event that any of the Parcels are included as part of a condominium association, the maintenance obligation hereunder shall be deemed to have been transferred to and assigned to, and assumed by such condominium association.
- (c) The construction of all sewer, water, gas, telephone, cable and electric utility lines and related facilities contemplated by this paragraph 3 shall be constructed in accordance with all applicable laws, ordinances, codes, rules, and regulations of all governmental authorities having jurisdiction over the Parcels.

- (d) The owners from time to time of the Parcels or any portion thereof (including without limitation, through any property owners' or condominium association formed with respect to the Parcels), and such owners' tenants, subtenants, employees, occupants, members, customers, licensees, guests, invitees, agents and contractors, shall act responsibly in the use of the utility easements granted in this paragraph 3 and shall repair any damage caused by their use of such easements. In the event that any of the Parcels are included as part of a condominium association, the repair obligation hereunder shall be deemed to have been transferred to and assigned to, and assumed by such condominium association.
- (e) The owners from time to time of the Parcels (including without limitation, through any property owners' or condominium association formed with respect to the Parcels) shall have the right at any time to dedicate the utility lines, facilities, and systems constructed on their respective properties to the appropriate public, governmental, or private entity or company for maintenance. Upon request by the dedicating party, all other parties agree to execute such documents as shall be required and necessary to dedicate to the public, county or other appropriate entity for maintenance of all facilities, improvements and lines for which and over which such party shall have easements. In the alternative, the obligation for the maintenance of such utility facilities shall be deemed to have been transferred to a property owner's or condominium association created for the benefit of the Parcels.
4. No Restrictions on Development. Notwithstanding any other provision contained in this Declaration, the easements and rights of way set forth herein shall not restrict the abilities of the owners of the Parcels to improve or develop the Parcels in accordance with applicable law; provided that such use shall not be inconsistent with or interfere with the rights granted hereunder.
5. Successors and Assigns. All easements contained herein shall be perpetual, non-exclusive, run and be appurtenant to the lands herein described, and, except as hereinafter set forth, shall run with said lands forever and be binding upon and inure to the benefit of and be enforceable by their heirs, legal representatives, successors and assigns of the parties hereto. All obligations of the owners of the Parcels hereunder shall be binding upon their respective successors-in-title and assigns; provided, however, the covenants and obligations herein are only personal to and enforceable against the parties or successors-in-title, as the case may be, owning title to the respective properties at the time any liability or claim arising under this Declaration shall have accrued; it being intended that upon the conveyance of title by a party, the party conveying title shall thereupon be released of any liability hereunder as to the property conveyed for any breach of

OFF REC 0858 PAGE 0416

OFF REC 0780 PAGE 0257

this Declaration or claim arising under this Declaration accruing after the date of such conveyance.

6. Entire Agreement. This Declaration constitutes the entire agreement of Declarant relating to the subject matter hereof and may not be amended, waived or discharged, except by instrument in writing executed by Declarant.
7. Severability. The invalidity of any one of the covenants, agreements, conditions or provisions of this Declaration or any portion thereof shall not affect the remaining portions thereof or any part thereof and this Declaration shall be construed as if such covenants, agreement, conditions or provision had not be inserted herein.
8. Governing Law. This Declaration shall be governed by and construed in accordance with the laws of the State of Florida.
9. Assignment. Declarant reserves the right to assign its obligations hereunder to the Hammock Beach Property Owner's Association, a community development district, municipal authority or public or private utility. Upon such assignment, Declarant shall have no further obligation or liability hereunder.
10. No Merger. Declarant intends that easements created hereunder, and the rights granted herein, shall not merge with the fee title to any Parcel, notwithstanding concurrent ownership of the benefited and burdened Parcels by any person or entity.

OFF REC 0858 PAGE 0417

OFF REC 0780 PAGE 0258

IN WITNESS WHEREOF, the party hereto has caused its hand and seal to be put hereunto as of the day and year first above written.

DECLARANT:

NORTHSHORE OCEAN HAMMOCK INVESTMENT, L.P., a Georgia limited partnership

[Signature]

Print Name: Robert W Reardon

By: Hammock GP, LLC

By: [Signature]

Name: Robert F. Masters

Title: Authorized Agent

[Signature]

(CORPORATE SEAL)

Print Name: Robert J. Swets

Date Executed: Nov 2, 2001

STATE OF FLORIDA)
) SS
COUNTY OF FLAGLER)

The foregoing instrument was acknowledged before me this 2 day of November, 2001, by Robert F. Masters, the Authorized Agent of Hammock GP, LLC, a Georgia limited liability company, as General Partner of Northshore Ocean Hammock Investment, L.P., a Georgia limited partnership, on behalf of the partnership. He is personally known to me and did not take an oath.

[Signature]
Notary Public, State of Florida
My commission expires: 02/22/05

(Notary Seal)



OFF REC 0858 PAGE 0418

OFF REC 0780 PAGE 0259

CONSENT BY MORTGAGEE

KNOW ALL MEN BY THESE PRESENTS:

THAT First Bank and Trust Company of Illinois (the "Mortgagee"), having an office at 300 East Northwest Highway, Palatine, Illinois 60067, the owner and holder of that certain mortgage dated July 7, 2000, recorded in Official Records Book 700, Page 1377, of the Public Records of Flagler County, Florida, (the "Mortgagee") encumbering the Parcels described in the foregoing Declaration of Easements, (the "Easement"), by the execution hereof, hereby consents to the Declaration of Easements on the Parcels, and further covenants and agrees that the lien of the Mortgage is and shall be subordinate to the Easement as if the Easement had been executed and recorded prior to the execution, delivery or recordation of the Mortgage.

IN WITNESS WHEREOF, the Mortgagee has executed this consent this 8th day of October, 2001.

Signed, sealed and delivered in the presence of:

First Bank and Trust Company of Illinois

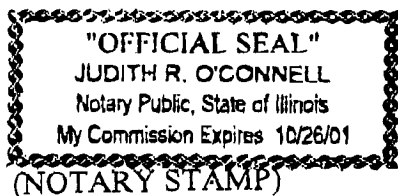
witness signature
printed name: John D. Pragic

By: [Signature]
Name: C. Richard Schuler
Title: President
Date: Oct. 8, 2001

witness signature
printed name: Gretchen Harms

STATE OF Illinois)
COUNTY OF Cook)

The foregoing instrument was acknowledged before me this 8th day of October, 2001, by C. Richard Schuler, as President of First Bank and Trust Company of Illinois, an Illinois Banking Corporation. He/she [] is personally known to me or [] has produced [] as identification.



[Signature]
(Signature of Notary Public)
Judith R. O'Connell
(Typed name of Notary Public)
Notary Public, State of Illinois
Commission No.
My commission expires: 10/26/01

OFF REC 0858 PAGE 0419

Inst No: 01033521 Date: 11/08/2001
GAIL WADSWORTH, FLAGLER County
By: WADSWORTH D.C. Time: 16:27:43

OFF REC 0780 PAGE 0260

Prepared by and after
recording return to:
Robert J Svets, Esq.
Morris, Manning & Martin, LLP
1600 Atlanta Financial Center
3343 Peachtree Road, N.E.
Atlanta, Georgia 30326

DECLARATION OF EASEMENT (PARCEL 14)

THIS DECLARATION OF EASEMENT (the "Declaration") is made and entered into as of this 2nd day of November, 2001, by **NORTHSHORE OCEAN HAMMOCK INVESTMENT, L.P.**, a Georgia limited partnership ("Declarant"), which declares that Parcels 3 and 14 (hereinafter defined) are and shall be held, transferred, sold, conveyed and occupied subject to the easements, charges and obligations hereinafter set forth.

Statement of Purpose

Except for Parcel 1, Declarant is the owner of Tract C-5 ("Tract C-5"), as shown on that certain Northshore Plat Five recorded at Map Book 32 at Page 38 on March 19, 2001, Flagler County, Florida records (the "Plat"); and

Pursuant to the Plat, Tract C-5 has been subdivided into Parcel A (Lake and Landscaping), Parcel B (Parking), Parcel C (Recreational), Parcel D (Wall/Landscaping), Parcel E (Ocean Crest Drive-Private Right-of-Way) and Parcels 1, 1A, 1B and 2 through 14 for future development with condominium buildings; and

Declarant intends to sell Parcels 5, 6, 7, 8, 9, 10, 11, 12, 13 and 14, as shown on the Plat (each Parcel is hereinafter referred to individually as a "Parcel", and collectively as the "Parcels"); and

WHEREAS, the Declarant intends to enter into this Declaration to grant, establish, and create a certain access easement for the benefit of Parcel 14.

Terms

NOW THEREFORE, in consideration of the recitals and the covenants and conditions herein contained and other good and valuable consideration, the receipt, adequacy, and legal sufficiency of which are hereby acknowledged, Declarant declares, covenants and agrees as follows:

OFF
REC 0858 PAGE 0420OFF
REC 0780 PAGE 0261

1. Ingress/Egress Easement.

(a) Declarant does hereby declare, grant and establish for the benefit of Parcel 14 a perpetual, non-exclusive right and easement (the "Access Easement") over the southwest portion of Parcel 3 (the "Access Easement Area") being more particularly located and described on Exhibit "A" attached hereto and by this reference made a part hereof, for the purposes of providing pedestrian and vehicular (including without limitation construction and delivery vehicles and equipment) ingress, egress and access to, from and between Parcel 14 and the 24-foot ingress/egress easement shown on the Plat to be developed by Declarant as a loop road (the "Loop Road").

(b) It is hereby agreed that the Access Easement is granted solely to and for the benefit of the owners of Parcel 14 or portions thereof, their successors and assigns, and for the benefit of their tenants, subtenants, employees, occupants, agents, customers, business visitors, contractors, guests, licensees, invitees, and for the benefit of other persons lawfully upon Parcel 14, and that the grant of such easement, right and privilege and the benefits therefrom, is not intended nor shall it be construed as creating any rights in or for the benefit of the general public. The Access Easement Area shall be kept open at all times for the free use as intended in this Declaration.

(c) Declarant and its successors and assigns owning the Access Easement Area may develop, operate, use, and maintain the area adjacent to the Access Easement Area in any manner which does not interfere with the exercise by the owners of Parcel 14 of the Access Easement. Specifically, Declarant may construct, install, use, and maintain lighting, signage, landscaping, utilities facilities, and other improvements in the area adjacent to the Access Easement Area, provided that such improvements do not impede access to and from Parcel 14.

(d) The Access Easement is and shall be superior to all leases, sales, conveyances, transfers, assignments, mortgages and other encumbrances affecting the Access Easement Area, and any party foreclosing any such mortgage, deed of trust, lien or encumbrance, and all persons or entities acquiring title or interest in any portion of the Access Easement Area shall acquire and hold the title of such property or any portion thereof subject to the Access Easement.

(e) The cost of any necessary maintenance to the Access Easement Area and any road constructed therein shall be borne by the owner of Parcel 14. This liability for maintenance shall be a covenant running with the title to Parcel 14. Upon the failure of the owner of Parcel 14 to (i) properly maintain the appearance or condition of the Access Easement Area, or (ii) promptly repair any damage to the improvements in the Access Easement Area, the owners of the Parcels, acting jointly or severally (including, without limitation, through any property owners' or condominium association to be formed with respect to the Parcels or otherwise) may elect to proceed with the maintenance or repair of the Access Easement Area after having delivered written notice to the owner of Parcel 14 specifically describing the nature of such failure and such owner's obligation to cure the same, and such owner's failure to cure such failure within thirty (30) days after the receipt of such notice; provided however, that the owner of Parcel 14 shall be granted an additional thirty (30) days to cure those matters which cannot reasonably be cured using commercially reasonable efforts within thirty (30) days after

OFF REC 0858 PAGE 0421

OFF REC 0780 PAGE 0262

the receipt of written notice thereof. The owner of Parcel 14 shall be responsible for the payment of all commercially reasonable and actual costs incurred by or on behalf of the owners of the Parcels (including, without limitation, through any property owners' or condominium association to be formed with respect to the Parcels or otherwise) to effect such repairs, and shall pay or reimburse owners for such costs within thirty (30) days after receipt of an invoice detailing such costs. In the event that Parcel 14 is included as part of any condominium association, the maintenance obligation hereunder shall be deemed to have been transferred, assigned to and assumed by such condominium association.

2. **Road/Driveway.** Declarant or any subsequent owner of Parcel 14 shall have the right to construct a road or driveway within the Access Easement Area. Any such road or driveway shall be constructed in a good and workmanlike manner in conformance with all permits, applicable statutes and regulations. All such construction shall be at the sole cost of the owner of Parcel 14 and shall be completed such that no liens shall attach to the Access Easement Area.

3. **General**

(a) All the covenants, terms, agreements, conditions, and restrictions set forth in this Declaration are intended to be and shall be construed as covenants running with title to Parcels 3 and 14, binding upon, inuring to the benefit of and enforceable by the Declarant, the owners of Parcels 3 and 14, their respective successors in interest, grantees and assignees, upon the terms, provisions and conditions herein set forth; provided, however, that the covenants and obligations herein are only personal to and enforceable against the parties or successors-in-title, as the case may be, owning title to the respective properties at the time any liability or claim arising under this Declaration shall have accrued; it being intended that upon the conveyance of title by a party, the party conveying title shall thereupon be released of any liability hereunder as to the property conveyed for any breach of this Declaration or claim arising under this Declaration accruing after the date of such conveyance.

(b) Declarant retains the right to modify this Declaration to adjust, modify, or relocate the easement granted or reserved herein with joinder of the other owners of fee title to Parcels 3 and 14. If Declarant sells Parcel 3, Declarant may transfer this right to any future owner of Parcel 3.

(c) Each owner of Parcels 3 and 14 hereby agrees to indemnify, and save the other owner and their respective successors in interest, heirs, grantees, devisees and assignees, tenants, licensees, invitees and agents harmless from any and all claims for injury or death to persons or damage to or loss of property arising out of or alleged to have arisen out of or occasioned by exercise by such indemnifying party of the rights hereunder granted, unless such damage or injury shall have been due to the negligence or intentional act of such other party, or their respective successors, devisees, assignees, agents, tenants, licensees or invitees.

(d) Declarant intends that easements created hereunder, and the rights granted herein, shall not merge with the fee title to any Parcel, notwithstanding concurrent ownership of the benefited and burdened Parcels by any person or entity.

OFF REC 0858 PAGE 0422

OFF REC 0780 PAGE 0263

4. **Entire Agreement.** This Declaration constitutes the entire agreement of Declarant relating to the subject matter hereof and may not be amended, waived or discharged, except by instrument in writing executed by Declarant.

5. **Severability.** The invalidity of any one of the covenants, agreements, conditions or provisions of this Declaration or any portion thereof shall not affect the remaining portions thereof or any part thereof and this Declaration shall be construed as if such covenants, agreement, conditions or provision had not be inserted herein.

6. **Governing Law.** This Declaration shall be governed by and construed in accordance with the laws of the State of Florida.

7. **Assignment.** Declarant reserves the right to assign its obligations hereunder to the Hammock Beach Property Owner's Association, a community development district, municipal authority or public or private utility. Upon such assignment, Declarant shall have no further obligation or liability hereunder.


8. **No Merger.** Declarant intends that easements created hereunder, and the rights granted herein, shall not merge with the fee title to any Parcel, notwithstanding concurrent ownership of the benefited and burdened Parcels by any person or entity.

OFF REC 0858 PAGE 0423

OFF REC 0780 PAGE 0264

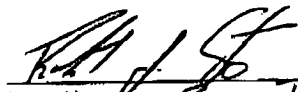
IN WITNESS WHEREOF, the Declarant has caused this instrument to be duly executed and sealed pursuant to proper authority duly given as of the day and year first above written.

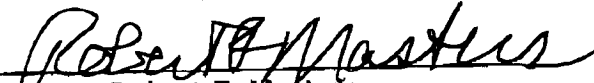
DECLARANT:


Print Name: Robert W Pearson

NORTHSHORE OCEAN HAMMOCK INVESTMENT,
L.P., a Georgia limited partnership

By: Hammock GP, LLC


Print Name: Robert F. Masters

By: 
Name: Robert F. Masters
Title: Authorized Agent

OFF REC 0858 PAGE 0424

OFF REC 0780 PAGE 0265

STATE OF FLORIDA)
) SS
COUNTY OF FLAGLER)

The foregoing instrument was acknowledged before me this 2 day of November, 2001, by Robert F. Masters, the Authorized Agent of Hammock GP, LLC, a Georgia limited liability company, as General Partner of Northshore Ocean Hammock Investment, L.P., a Georgia limited partnership, on behalf of the partnership. He is personally known to me and did not take an oath.

Trisha W. Strawn
Notary Public, State of Florida
My commission expires: 02/22/05
(Notary Seal)



CONSENT BY MORTGAGEE

KNOW ALL MEN BY THESE PRESENTS:

THAT First Bank and Trust Company of Illinois (the "Mortgagee"), having an office at 300 East Northwest Highway, Palatine, Illinois 60067, the owner and holder of that certain mortgage dated July 7, 2000, recorded in Official Records Book 700, Page 1377, of the Public Records of Flagler County, Florida, (the "Mortgage") encumbering the Access Easement Area described in the foregoing Declaration of Easement, (the "Easement"), by the execution hereof, hereby consents to the placing of the Access Easement on the Access Easement Area described in Exhibit "A" to the Easement, and further covenants and agrees that the lien of the Mortgage is and shall be subordinate to the Access Easement as if the Easement had been executed and recorded prior to the execution, delivery or recordation of the Mortgage.

IN WITNESS WHEREOF, the Mortgagee has executed this consent this 8th day of October, 2001.

Signed, sealed and delivered in the presence of:

First Bank and Trust Company of Illinois

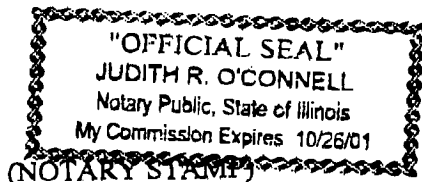
witness signature
printed name: John D Dragic

witness signature
printed name: Gretchen Harms

By: [Signature]
Name: C. Richard Schuler
Title: President
Date: Oct 8, 2001

STATE OF Illinois)
COUNTY OF Cook)

The foregoing instrument was acknowledged before me this 8th day of October, 2001, by C. Richard Schuler as President of First Bank and Trust Company of Illinois, an Illinois Banking Corporation. He/she is personally known to me or has produced identification.



[Signature]
(Signature of Notary Public)
Judith R. O'Connell
(Typed name of Notary Public)
Notary Public, State of Illinois
Commission No. _____
My commission expires: 10/26/01

OFF REC 0858 PAGE 0426

OFF REC 0780 PAGE 0267

EXHIBIT "A"

LEGAL DESCRIPTION

A strip of land being a portion of Parcel 3 of the plat of NORTSHORE PLAT FIVE as recorded in Map Book 32, Page 38 of the Public records in and for Flagler County, Florida, and lying 11 feet on each side of the following described centerline;

Commencing on the westernmost corner of said Parcel 3; thence North $71^{\circ}10'52''$ East along the north line of said Parcel 3, for 58.47 feet to the POINT OF BEGINNING of this description;

thence South $18^{\circ}49'08''$ East departing said north line of Parcel 3, for 12.00 feet;

thence southeasterly and southwesterly along the arc of a tangent curve concave to the northwest having a radius of 37.50 feet and a central angle of $73^{\circ}38'23''$, for 48.20 feet;

thence South $54^{\circ}49'15''$ West along a tangent line, for 13.25 feet to a point of intersection with the west line of said Parcel 3 and the POINT OF TERMINATION of this description.

EXHIBIT E

**ALLOCATION OF UNIT OWNERSHIP IN COMMON ELEMENTS, LIMITED
COMMON ELEMENTS, COMMON EXPENSES AND
COMMON SURPLUSES FOR PHASE 1**

UNIT NUMBERS	PER UNIT SQUARE FEET	% OWNERSHIP PER UNIT	# OF THAT TYPE UNIT	TOTAL OWNERSHIP FOR DESIGNATION
Type 6A 1011,1021,1031 Type 6AR 1012,1022,1032	2014	2014/12084 16.66667%	6	12084/12084 100.00000%

Total Units 6
 Total SF 12084
 Sum Percent. 100.00000%

EXHIBIT E-1

**PROPOSED FORM OF ALLOCATION OF UNIT OWNERSHIP IN COMMON
ELEMENTS, LIMITED COMMON ELEMENTS, COMMON EXPENSES, AND
COMMON SURPLUSES FOR PHASES 2, 3, 4, AND 5**

SCHEDULE OF UNITS AND PERCENTAGE OWNERSHIP OF COMMON ELEMENTS (PHASES 1 and 2)

UNIT NUMBERS	PER UNIT SQUARE FEET	% OWNERSHIP PER UNIT	# OF THAT TYPE UNIT	TOTAL OWNERSHIP FOR DESIGNATION
Type 6A 1011,1021,1031 Type 6AR 1012,1022,1032	2014	2014/42560 4.73214%	6	12084/42560 28.39286%
Type 20A 1111,1121,1131,1141 Type 20AR 1115,1125,1135,1145	1828	1828/42560 4.29511%	8	14624/42560 34.36090%
Type 20B 1112,1122,1132,1142 Type 20BR 1114,1124,1134,1144	1361	1361/42560 3.19784%	8	10888/42560 25.58271%
Type 20C 1113,1123,1133,1143	1241	1241/42560 2.91588%	4	4964/30476 11.66353%

Total Units 26
 Total SF 42560
 Sum Percent. 100.00000%

THIS IS ONLY A FORM OF SCHEDULE OF UNITS AND PERCENTAGE OWNERSHIP OF COMMON ELEMENTS FOR PHASES 1 AND 2. SUBJECT TO SECTION 3.10.8 OF THE DECLARATION, DEVELOPER RESERVES THE RIGHT, IN ITS SOLE DISCRETION, TO ADD OR NOT ADD PHASE 2 TO THE CONDOMINIUM. IF PHASE 2 IS ADDED TO THE CONDOMINIUM IN A DIFFERENT ORDER, OR IF PHASE 2 IS NOT ADDED TO THE CONDOMINIUM, THE ACTUAL PERCENTAGE OF OWNERSHIP INTEREST MAY DIFFER FROM THE PERCENTAGES SET FORTH HEREIN, PROVIDED, IN ALL EVENTS, THE ALLOCATION OF PERCENTAGE OWNERSHIP IN THE COMMON ELEMENTS, LIMITED COMMON ELEMENTS, COMMON EXPENSES, AND COMMON SURPLUSES ASSIGNED TO EACH UNIT WILL BE BASED UPON THE TOTAL SQUARE FOOTAGE OF EACH UNIT IN UNIFORM RELATIONSHIP TO THE TOTAL SQUARE FOOTAGE OF ALL UNITS IN THE CONDOMINIUM.

SCHEDULE OF UNITS AND PERCENTAGE OWNERSHIP OF COMMON ELEMENTS (PHASES 1, 2, and 3)

UNIT NUMBERS	PER UNIT SQUARE FEET	% OWNERSHIP PER UNIT	# OF THAT TYPE UNIT	TOTAL OWNERSHIP FOR DESIGNATION
Type 6A 1011,1021,1031 Type 6AR 1012,1022,1032	2014	2014/73036 2.75754%	6	12084/73036 16.54527%
Type 20A 1111,1121,1131,1141,1211,1221,1231,1241 Type 20AR 1115,1125,1135,1145,1215,1225,1235,1245	1828	1828/73036 2.50288%	16	29248/73036 40.04600%
Type 20B 1112,1122,1132,1142,1212,1222,1232,1242 Type 20BR 1114,1124,1134,1144,1214,1224,1234,1244	1361	1361/73036 1.86346%	16	21776/73036 29.81543%
Type 20C 1113,1123,1133,1143 1213,1223,1233,1243	1241	1241/73036 1.69916%	8	9928/73036 13.59330%

Total Units 46
 Total SF 73036
 Sum Percent. 100.00000%

THIS IS ONLY A FORM OF SCHEDULE OF UNITS AND PERCENTAGE OWNERSHIP OF COMMON ELEMENTS FOR PHASES 1, 2, AND 3. SUBJECT TO SECTION 3.10.8 OF THE DECLARATION, DEVELOPER RESERVES THE RIGHT, IN ITS SOLE DISCRETION, TO ADD OR NOT ADD ANY OF PHASES 2 OR 3 TO THE CONDOMINIUM. IF PHASES 2 AND/OR 3 ARE ADDED TO THE CONDOMINIUM IN A DIFFERENT ORDER, OR IF ANY OF SUCH PHASES 2 AND/OR 3 ARE NOT ADDED TO THE CONDOMINIUM, THE ACTUAL PERCENTAGE OF OWNERSHIP INTEREST MAY DIFFER FROM THE PERCENTAGES SET FORTH HEREIN, PROVIDED, IN ALL EVENTS, THE ALLOCATION OF PERCENTAGE OWNERSHIP IN THE COMMON ELEMENTS, LIMITED COMMON ELEMENTS, COMMON EXPENSES, AND COMMON SURPLUSES ASSIGNED TO EACH UNIT WILL BE BASED UPON THE TOTAL SQUARE FOOTAGE OF EACH UNIT IN UNIFORM RELATIONSHIP TO THE TOTAL SQUARE FOOTAGE OF ALL UNITS IN THE CONDOMINIUM.

SCHEDULE OF UNITS AND PERCENTAGE OWNERSHIP OF COMMON ELEMENTS (PHASES 1, 2, 3 and 4)

UNIT NUMBERS	PER UNIT SQUARE FEET	% OWNERSHIP PER UNIT	# OF THAT TYPE UNIT	TOTAL OWNERSHIP FOR DESIGNATION
Type 6A 1011,1021,1031,911,921,931 Type 6Ar 1012,1022,1032,912,922,932	2014	2014/85120 2.36607%	12	24168/85120 28.39286%
Type 20A 1111,1121,1131,1141,1211,1222,1232,1242 Type 20Ar 1115,1125,1135,1145,1215,1225,1235,1245	1828	1828/85120 2.14756%	16	29248/85120 34.36090%
Type 20B 1112,1122,1132,1142,1212,1222,1232,1242 Type 20Br 1114,1124,1134,1144,1214,1224,1234,1244	1361	1361/85120 1.59892%	16	21776/85120 25.58271%
Type 20C 1113,1123,1133,1143 1213,1223,1233,1243	1241	1241/85120 1.45794%	8	9928/85120 11.66353%

Total Units 52
 Total SF 85120
 Sum Percent. 100.00000%

THIS IS ONLY A FORM OF SCHEDULE OF UNITS AND PERCENTAGE OWNERSHIP OF COMMON ELEMENTS FOR PHASES 1, 2, 3 AND 4. SUBJECT TO SECTION 3.10.8 OF THE DECLARATION, DEVELOPER RESERVES THE RIGHT, IN ITS SOLE DISCRETION, TO ADD OR NOT ADD ANY OF PHASES 2, 3, OR 4 TO THE CONDOMINIUM. IF PHASES 2, 3, AND/OR 4 ARE ADDED TO THE CONDOMINIUM IN A DIFFERENT ORDER, OR IF ANY OF SUCH PHASES 2, 3, AND/OR 4 ARE NOT ADDED TO THE CONDOMINIUM, THE ACTUAL PERCENTAGE OF OWNERSHIP INTEREST MAY DIFFER FROM THE PERCENTAGES SET FORTH HEREIN, PROVIDED, IN ALL EVENTS, THE ALLOCATION OF PERCENTAGE OWNERSHIP IN THE COMMON ELEMENTS, LIMITED COMMON ELEMENTS, COMMON EXPENSES, AND COMMON SURPLUSES ASSIGNED TO EACH UNIT WILL BE BASED UPON THE TOTAL SQUARE FOOTAGE OF EACH UNIT IN UNIFORM RELATIONSHIP TO THE TOTAL SQUARE FOOTAGE OF ALL UNITS IN THE CONDOMINIUM.

SCHEDULE OF UNITS AND PERCENTAGE OWNERSHIP OF COMMON ELEMENTS (PHASES 1, 2, 3, 4, and 5)

UNIT NUMBERS	PER UNIT SQUARE FEET	% OWNERSHIP PER UNIT	# OF THAT TYPE UNIT	TOTAL OWNERSHIP FOR DESIGNATION
Type 6A 1011,1021,1031,911,921,931 Type 6Ar 1012,1022,1032,912,922,932	2014	2014/115596 1.74227%	12	24168/115596 20.90730%
Type 20A 1111,1121,1131,1141,1211,1221,1231,1241,1311,1321,1331,1341 Type 20Ar 1115,1125,1135,1145,1215,1225,1235,1245,1315,1325,1335,1345	1828	1828/115596 1.58137%	24	43872/115596 37.95287%
Type 20B 1112,1122,1132,1142,1212,1222,1232,1242,1312,1322,1332,1342 Type 20Br 1114,1124,1134,1144,1214,1224,1234,1244,1314,1324,1334,1344	1361	1361/115596 1.17738%	24	32664/115596 28.25703%
Type 20C 1113,1123,1133,1143 1213,1223,1233,1243 1313,1323,1333,1343	1241	1241/115596 1.07357%	12	14892/115596 12.88280%

Total Units 72
 Total SF 115596
 Sum Percent. 100.00000%

THIS IS ONLY A FORM OF SCHEDULE OF UNITS AND PERCENTAGE OWNERSHIP OF COMMON ELEMENTS FOR PHASES 1, 2, 3, 4, AND 5. SUBJECT TO SECTION 3.10.8 OF THE DECLARATION, DEVELOPER RESERVES THE RIGHT, IN ITS SOLE DISCRETION, TO ADD OR NOT ADD ANY OF PHASES 2, 3, 4, OR 5 TO THE CONDOMINIUM. IF PHASES 2, 3, 4, AND/OR 5 ARE ADDED TO THE CONDOMINIUM IN A DIFFERENT ORDER, OR IF ANY OF SUCH PHASES 2, 3, 4, AND/OR 5 ARE NOT ADDED TO THE CONDOMINIUM, THE ACTUAL PERCENTAGE OF OWNERSHIP INTEREST MAY DIFFER FROM THE PERCENTAGES SET FORTH HEREIN, PROVIDED, IN ALL EVENTS, THE ALLOCATION OF PERCENTAGE OWNERSHIP IN THE COMMON ELEMENTS, LIMITED COMMON ELEMENTS, COMMON EXPENSES, AND COMMON SURPLUSES ASSIGNED TO EACH UNIT WILL BE BASED UPON THE TOTAL SQUARE FOOTAGE OF EACH UNIT IN UNIFORM RELATIONSHIP TO THE TOTAL SQUARE FOOTAGE OF ALL UNITS IN THE CONDOMINIUM.

EXHIBIT F
ARTICLES AND BYLAWS

ARTICLES OF INCORPORATION**OF****THE VILLAS AT HAMMOCK BEACH CONDOMINIUM ASSOCIATION, INC.,
a Florida not-for-profit corporation**

In order to form a corporation under the laws of the State of Florida for the formation of corporations not-for-profit, the undersigned hereby forms a corporation for the purposes and with the powers herein specified, and to that end we do, by these Articles of Incorporation ("Articles"), set forth:

ARTICLE I**NAME**

The name of the corporation shall be The Villas at Hammock Beach Condominium Association, Inc. ("Association").

ARTICLE II**PURPOSE**

The purpose of the Association is the administration, operation and management of a condominium known as The Villas at Hammock Beach, a Condominium ("Condominium"), which may be established in accordance with the Florida Condominium Act, Chapter 718, *Florida Statutes* (2001) ("Act"), upon that certain real property described in Exhibit A of the Declaration of Condominium of The Villas at Hammock Beach, a Condominium, to be recorded in Flagler County, Florida (the "Declaration"), as such Declaration is amended, modified and supplemented from time to time. The Association shall undertake the performance of, and shall carry out, the acts and duties incident to the administration, operation and management of the Condominium in accordance with the terms, provisions and authorizations contained herein, in the Bylaws established pursuant to the requirements of these Articles and in the Declaration, and further, may exercise all powers granted to a condominium association under the Act. The Association may also acquire, own, operate, lease, sell, trade or otherwise deal with any property, real or personal, as may become part of the Condominium ("Condominium Property") and as may be necessary or convenient for the administration of the Condominium. All defined terms

contained in these Articles shall have the same meanings as such terms are defined by the Declaration unless specifically defined in these Articles or unless otherwise required by the context. In addition, the Association may be designed as the association to operate and maintain other condominiums. Upon a declaration of condominium designation of the Association as the entity to operate and maintain another condominium, and the Association's acceptance of such designation, the Association shall have all of the powers and obligations as set forth in the declaration for such condominium and as set forth herein with respect to such condominium. The Association shall be conducted as a non-profit organization for the benefit of its members.

ARTICLE III

POWERS AND DUTIES

The Association shall have the following powers:

- A. All of the powers and privileges granted to corporations not-for-profit under the law pursuant to which this Association is chartered.
- B. All of the powers reasonably necessary to implement and effectuate the purposes of the Association including, without limitation, the power, authority and right to:
 - 1. Make and establish Bylaws and reasonable rules and regulations governing use of the Units, Common Elements and Limited Common Elements in and of the Condominium, as such terms will be defined in the Declaration.
 - 2. Levy and collect assessments against members of the Association to defray the Common Expenses of the Condominium, as provided in the Declaration and the Bylaws including, without limitation, the right to levy and collect assessments for the purposes of (i) acquiring, owning, holding, operating, leasing, encumbering, selling, conveying, exchanging, managing and otherwise dealing with the Condominium Property, including Units, which may be necessary or convenient in the operation and management of the Condominium, and (ii) accomplishing the purposes set forth in the Declaration generally.
 - 3. Maintain, repair, replace, operate and manage the Condominium Property, including the right to reconstruct improvements after casualty and to further improve and add to the Condominium Property.

4. Contract for the management of the Condominium and, in connection therewith, to delegate any and/or all of the powers and duties of the Association to the extent and in the manner permitted by the Declaration, the Articles, the Bylaws and the Act.
5. Enforce the provisions of the Articles, the Declaration, the Bylaws and all rules and regulations governing use of the Condominium which may hereafter be established.
6. Exercise, undertake and accomplish all of the rights, duties and obligations which may be granted to or imposed upon the Association in the Declaration, the Articles, Bylaws and the Act.
7. Employ personnel to perform the services required for proper operation of the Condominium.
8. Use its best efforts to obtain and maintain adequate insurance to protect the Association, the Association Property, the Common Elements, the Limited Common Elements and the Condominium Property in accordance with the requirements set forth in the Declaration.
9. Grant permits, licenses and easements over the Common Property for utilities and other purposes reasonably necessary or useful for the proper maintenance or operation of the Condominium.
10. Merge with other condominium associations, provided that such merger is approved by an eighty percent (80%) vote of the members of the Association and the majority of the votes of the members of the other associations to be merged.
11. Contract to sue or be sued with respect to its exercise or non-exercise of its powers.
12. Access to any Unit during reasonable hours, when necessary for the maintenance, repair or replacement of any Common Elements, Limited Common Elements or to prevent damage to such Common Elements or Limited Common Elements.
13. The powers of the Association shall be subject to and shall be exercised in accordance with the provisions hereof and the Declaration, Bylaws and the Act. In the

event of a conflict between the terms of these Articles and the Declaration, the terms of the Declaration shall control.

ARTICLE IV

MEMBERSHIP

The qualifications of members, manner of their admission to and termination of membership and voting by members shall be as follows:

A. The owners of all Units in the Condominium shall be members of the Association, and no other persons or entities shall be entitled to membership, except that, in the event the Association is designated as the association to operate and manage another condominium, and provided the Association accepts such designation, or in the event the Association is merged with another condominium association, the owners of such other condominium shall also be members of the Association.

B. Membership shall be established by the acquisition of fee title to a Unit in the Condominium, or by acquisition of a fee ownership interest therein, by voluntary conveyance or operation of law, and the membership of any person or entity shall be automatically terminated when such person or entity is divested of all title or his or her entire fee ownership in such Unit; provided, that nothing herein contained shall be construed as terminating the membership of any person or entity owning fee title to or a fee ownership interest in two (2) or more Units at any time while such person or entity shall retain fee title to or a fee ownership interest in any Unit.

C. The interest 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 the Unit(s) owned by such member. The funds and assets of the Association shall be expended, held or used only for the benefit of the membership and for the purposes authorized herein, in the Declaration and in the Bylaws.

D. On all matters upon which the membership is entitled to vote as hereinafter provided, there shall be one (1), and only one (1), vote for each Unit in the Condominium, which vote may be exercised or cast by the owner(s) of each Unit as provided for in the Bylaws. Should any member own more than one (1) Unit, such member shall be entitled to exercise or cast one (1) vote for each such Unit, in the manner provided for in the Bylaws.

E. Until such time as the parcel of real property within the Condominium Property and the improvements now and/or to be constructed thereon are submitted to the Condominium form of ownership by recordation of a Declaration of Condominium therefor in the public records of Flagler County, Florida, the membership of the Association shall be comprised of the members of the first Board of Directors as set forth in these Articles, each of whom shall be entitled to cast a vote on all matters upon which the membership would be entitled to vote.

F. As used in these Articles, the Bylaws and the Declaration, the term "Unit Owners" and "Owners" shall be synonymous with the term "Members" when referring to the members of the Association.

ARTICLE V

EXISTENCE

Existence of the Association shall commence with the filing of these Articles with the Florida Secretary of State. The Association shall have perpetual existence unless the Condominium is terminated pursuant to the provisions of its Declaration, in which event the Association shall be dissolved in accordance with law.

ARTICLE VI

PRINCIPAL OFFICE

The principal office of the Association shall be located at 445 Douglas Avenue, Suite 1805, Altamonte Springs, Florida 32714, Seminole County, Florida, but the Association may maintain offices and transact business in such places, within Seminole or Flagler County, Florida, as may from time to time be designated by the Board of Directors.

ARTICLE VII

OFFICERS

The affairs of the Association shall be managed by the President of the Association assisted by the Vice President(s), Secretary and Treasurer and, if any, the Assistant Secretaries and Assistant Treasurers, who shall perform the duties of such offices customarily

performed by like officers of corporations in the State of Florida, subject to the directions of the Board of Directors.

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

The officers of the Association, who shall hold office until their successors are elected pursuant to these Articles and the Bylaws and have qualified, shall be the following:

President & Treasurer	John Lenihan
Vice President	Lane Wright
Secretary	Christina Alvarez

Officers of the Association may be compensated in the manner to be provided in the Bylaws. The Board of Directors, or the President with the approval of the Board of Directors, may employ a managing agent, agency and/or other managerial and supervisory personnel or entity to administer or assist in the administration of the operation and management of the Condominium and the affairs of the Association, and any and all such persons and/or entity or entities may be so employed without regard to whether any such person or entity is a member of the Association or a Director or officer of the Association, as the case may be.

ARTICLE VIII

DIRECTORS

The number of members of the Board of Directors shall be not less than three (3) persons. The initial members of the Board of Directors shall be appointed by the Developer and shall consist of not less than three (3) members for so long as the Developer is entitled to appoint any members of the Board of Directors. When Unit Owners other than the Developer own fifteen percent (15%) of the Units which may, pursuant to the Declaration, ultimately be operated by the Association, the Unit Owners, other than the Developer, shall

be entitled to elect, in a manner to be provided in the Bylaws, not less than nor more than one-third (1/3) of the members of the Board of Directors. Unit Owners other than the Developer shall be entitled to elect, in a manner to be provided in the Bylaws, not less than nor more than a majority of the members of the Board of Directors three (3) years after sales by the Developer have been closed on fifty percent (50%) but less than ninety percent (90%) of the Units which may, pursuant to the Declaration, ultimately be operated by the Association, or three (3) months after sales have been closed by the Developer of ninety percent (90%) of the Units which may, pursuant to the Declaration, ultimately be operated by the Association or when all of the Units which may, pursuant to the Declaration, ultimately be operated by the Association have been completed, and some have been sold and none of the others are being offered for sale by the Developer in the ordinary course of business, or when some of the Units have been sold and none of the others are being constructed or offered for sale by the Developer in the ordinary course of business, or seven (7) years after recordation of the Declaration, whichever shall first occur. The Developer shall have the right to elect, in the manner to be provided in the Bylaws, all members of the Board of Directors which Unit Owners other than the Developer are not entitled to elect as long as the Developer holds for sale in the ordinary course of business any Units in the Condominium which may, pursuant to the Declaration, ultimately be operated by the Association; and the Developer shall be entitled to elect not less than one (1) member of the Board of Directors as long as the Developer holds for sale in the ordinary course of business at least five percent (5%) of the Units which may, pursuant to the Declaration, ultimately be operated by the Association. Commencing after the Developer shall have lost or relinquished the right to appoint at least (1) Director, the Directors shall be elected at large solely by the Unit Owners by a plurality of the votes cast by the Unit Owners at the annual membership meeting (the "Unit Appointed Directors"). Notwithstanding the foregoing, the Developer shall be entitled at any time to waive in writing its rights hereunder, and thereafter to vote in elections for members of the Board of Directors in the same manner as any other member of the Association. After Unit Owners, other than the Developer, elect a majority of the members of the Board of Directors, the Developer shall, within a reasonable time and in a manner as provided in the Bylaws and the Act, relinquish control of the Association and shall deliver to the Association all property of the Unit Owners and the Association held or controlled by the Developer. Meetings for the election of members of the Board of Directors shall be held annually in a manner to be provided in the Bylaws.

The names and addresses of the members of the first Board of Directors who, subject to the provisions of the laws of Florida, these Articles and the Bylaws, shall hold office for the first year of the Association's corporate existence, and thereafter until their successors are elected and have qualified, are as follows:

John Lenihan
445 Douglas Avenue, Suite 1805
Altamonte Springs, FL 32714

Lane Wright
445 Douglas Avenue, Suite 1805
Altamonte Springs, FL 32714

Christina Alvarez
445 Douglas Avenue, Suite 1805
Altamonte Springs, FL 32714

ARTICLE IX

INCORPORATOR

The Incorporator under these Articles and his respective address, is set forth below:

Robert A. Leapley, Jr.
Pappas Metcalf Jenks & Miller, P.A.
200 West Forsyth Street, Suite 1400
Jacksonville, Florida 32202

ARTICLE X

BYLAWS

The original Bylaws of the Association shall be adopted by a majority vote of the Board of Directors of the Association at a meeting at which a majority of the Board of Directors is present, and, thereafter, the Bylaws may be amended, altered or rescinded only in the manner provided in the Bylaws, except that no portion of the Bylaws may be amended, altered or rescinded in such a manner as will prejudice the rights of the Developer without the Developer's written consent.

ARTICLE XI**INDEMNIFICATION**

Every Director and every officer of the Association shall be indemnified by the Association against all expenses and liabilities, including, without limitation, reasonable attorney's fees and costs, reasonably incurred by or imposed upon him/her in connection with any proceeding to which he/she may be a party, or in which he/she may become involved, by reason of his/her being or having been a Director or officer of the Association, whether or not he/she is a Director or officer at the time such expenses are incurred, except in such cases wherein the Director or officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his/her duties; provided, that in the event any claim for reimbursement or indemnification hereunder is based upon a settlement by the Director or officer seeking such reimbursement or indemnification, the indemnification herein shall only apply if the Board of Directors approves such settlement and reimbursement as being in the best interests of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such Director or officer may be entitled.

ARTICLE XII**AMENDMENT TO ARTICLES**

Until membership of the Association consists of members in addition to the Developer, these Articles may be altered or amended at any regular or special meeting of the Board of Directors and a copy of such adopted amendment of the Articles shall be certified and transcribed in such form as necessary to file with the office of the Florida Secretary of State and a certified copy of such amendment shall be recorded in the public records of Flagler County, Florida, within thirty (30) days of the date on which the same is accepted for filing by the office of the Secretary of State.

After such time as the membership of the Association includes members in addition to the Developer, an amendment or amendments to these Articles may be proposed by the Board of Directors of the Association acting upon a vote of the majority of the Directors, or by the members of the Association owning sixty-six percent (66%) of the Voting Interests of the Units in the Condominium, whether meeting as members or by instrument in writing signed by them. Upon any amendment or amendments to these Articles being proposed by the Board of Directors or members, such proposed amendment or amendments shall be adopted by a Resolution of the Board of Directors setting forth the proposed amendment and

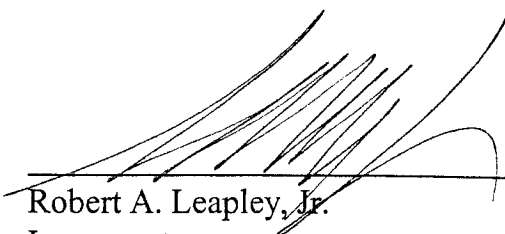
directing that it be submitted to a vote at an annual or special meeting of the members. Such resolution shall be transmitted to the President of the Association or the acting chief-executive officer in the absence of the President, who shall thereupon call a special meeting of the members of the Association for a date not sooner than twenty (20) days nor later than sixty (60) days from the receipt by him/her of the Resolution containing the proposed amendment or amendments, and it shall be the duty of the Secretary to give each member written notice of such meeting stating the time and place of the meeting and reciting the proposed amendment or amendments in reasonably detailed form, which notice shall be mailed or presented personally to each member not less than fourteen (14) days nor more than thirty (30) days before the date set for such meeting. If mailed, such notice shall be deemed to be properly given when deposited in the United States mail, addressed to the member at his Post Office address as it appears on the records of the Association, with postage thereon prepaid. Any member may, by written waiver of notice signed by such member, waive such notice, and such waiver when filed in the records of the Association, whether before, during or after the holding of the meeting, shall be deemed equivalent to the giving of such notice to such member. At such meeting the amendment or amendments proposed must be approved by a vote of the members owning not less than sixty-six percent (66%) of the Voting Interests of the Units in the Condominium in order for such amendment or amendments to become effective. Thereupon, such amendment or amendments of these Articles shall be transcribed and certified in such form as may be necessary to file the same in the office of the Secretary of State of the State of Florida. A certified copy of each such amendment of these Articles shall be recorded in the public records of Flagler County, Florida, within thirty (30) days from the date on which the same is filed in the office of the Secretary of State. Notwithstanding the foregoing provisions of this Article XII, no amendment to these Articles, which shall abridge, amend or alter the right of Developer to designate and select members of the Board of Directors of the Association, as provided in Article VIII hereof, or any other right of the Developer, may be adopted or become effective without the prior written consent of Developer.

ARTICLE XIII

DISSOLUTION OF THE ASSOCIATION

The Association may be dissolved in accordance with the provisions of the Declaration and in accordance with law.

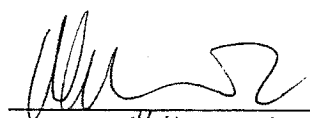
IN WITNESS WHEREOF, the Incorporator hereof has hereunto set his hand and seal this 5th day of September, 2002.




Robert A. Leapley, Jr.
Incorporator

STATE OF FLORIDA }
 }SS
COUNTY OF DUVAL }

The foregoing instrument was ~~acknowledged~~ before me this 5th day of September, 2002, by Robert A. Leapley, Jr, who is personally known to me or who produced _____ as identification and who did not take an oath.



Print Name William Li

 William Li
MY COMMISSION # DD048281 EXPIRES
August 7, 2005
BONDED THRU TROY FAIN INSURANCE, INC.

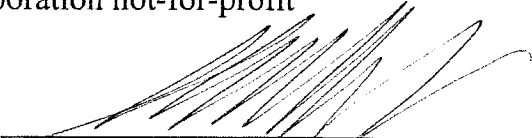
NOTARY PUBLIC
State of Florida at Large
Commission # _____
My Commission Expires: _____

**CERTIFICATE OF DESIGNATING PLACE OF BUSINESS OR
DOMICILE FOR THE SERVICE OF PROCESS WITHIN
FLORIDA, NAMING AGENT UPON WHOM PROCESS MAY BE SERVED**

IN COMPLIANCE WITH SECTION 48.091, FLORIDA STATUTES, THE FOLLOWING IS SUBMITTED:


THE VILLAS AT HAMMOCK BEACH CONDOMINIUM ASSOCIATION, INC., DESIRING TO ORGANIZE OR QUALIFY UNDER THE LAWS OF THE STATE OF FLORIDA WITH ITS PRINCIPAL PLACE OF BUSINESS AT COUNTY OF SEMINOLE, STATE OF FLORIDA, HAS NAMED John Lenihan with an address of 445 Douglas Avenue, Suite 1805, Altamonte Springs, Florida, 32714, AS ITS AGENT TO ACCEPT SERVICE OF PROCESS WITHIN FLORIDA.

**THE VILLAS AT HAMMOCK
BEACH CONDOMINIUM
ASSOCIATION, INC.**, a Florida
corporation not-for-profit

By: 
Robert A. Leapley, Jr.
Incorporator

DATED: September 5, 2002

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


John Lenihan
Resident Agent

DATED: September 5, 2002

OF

THE VILLAS AT HAMMOCK BEACH CONDOMINIUM ASSOCIATION, INC.
a Florida not-for-profit corporation

I. IDENTITY

A. These are the Bylaws of The Villas at Hammock Beach Condominium Association, Inc. a Florida corporation not-for-profit ("Association"). The purpose of the Association is the administration, operation and management of any condominium which may be established in accordance with the Florida Condominium Act, Chapter 718, *Florida Statutes* (2001) (the "Act"), and for which the declaration of condominium specifies that the Association shall be the entity responsible for the operation and maintenance of the condominium, including but not limited to the condominium known as The Villas at Hammock Beach, a Condominium, as the same may now or hereafter be constituted in accordance with the Act (the "Condominium"). The Association shall undertake the performance of and shall carry out the acts and duties incident to the administration, operation and management of the Condominium in accordance with the terms, provisions and authorizations contained herein, in the Articles of Incorporation of the Association ("Articles") and in the Declaration of Condominium of the Condominium which will be recorded in the public records of Flagler County, Florida (the "Declaration"). In addition, the Association may own, operate, lease, sell, trade or otherwise deal with any property, real or personal, as may become part of the Condominium (the "Condominium Property") and as may be necessary or convenient for the administration of the Condominium.

B. The provisions of these Bylaws are applicable to the Condominium and are subject to the provisions of the Articles. A copy of the Articles and a copy of these Bylaws will be included as Exhibits to the Declaration. The terms and provisions of the Articles and Declaration shall control wherever the same may conflict herewith. The defined terms used in these Bylaws shall be as defined in the Declaration and the Articles, unless specifically defined in these Bylaws or unless otherwise required by the context.

C. All members of the Association, as defined in the Articles, and their invitees, including, without limitation, all present or future owners and tenants of Units in the Condominium ("Units") and other persons using the Condominium or any of the facilities thereof in any manner, are subject to these Bylaws, the Rules and Regulations of the Association, the Articles and the Declaration.

D. The office of the Association shall be at 385 Douglas Avenue, Suite 1000, Altamonte Springs, Florida 32714, Seminole County, Florida, or at such other place as may be established by resolution of the Board of Directors.

E. The fiscal year of the Association shall be the calendar year.

F. The seal of the Association shall bear the name of the Association, the word "Florida" and the year of incorporation.

II. MEMBERSHIP, VOTING, QUORUM, PROXIES

A. Membership. The qualification of members of the Association ("Members"), the manner of their admission to the membership and termination of such membership and voting rights of Members ("Voting Interests") shall be as set forth in Article IV of the Articles, the provisions of which are incorporated herein by reference.

B. Quorum. A quorum at meetings of Members shall consist of at least thirty-three percent (33%) of the Voting Interests represented either in person or by proxy and such quorum shall be necessary at all meetings of the Members for the transaction of business, except as otherwise provided by statute, the Articles or these Bylaws.

C. Voting.

1. Voting by Multiple Unit Owners. The vote of the owner(s) of a Unit owned by more than one natural person, as tenants in common, joint tenants, or by a partnership, limited liability company or any other association of natural persons, or by a corporation, a trust, or any other entity shall be cast or otherwise exercised, at all meetings at which Members of the Association are entitled to vote or otherwise act, by one natural person designated by the owner(s) of such Unit as the "Primary Occupant" thereof. In each instance where title to a Unit is proposed to be conveyed or is otherwise to become vested in more than one natural person, or by a partnership, limited liability company or any association of natural persons, or a corporation, a trust, or any other entity, the prospective owner(s) shall, by written instrument acceptable to the Association ("Voting Certificate"), designate one natural person as the Primary Occupant. The Voting Certificate shall be filed with the Association and the person so designated shall be and remain the Primary Occupant of the Unit until such designation has been revoked by written instrument executed by the owner(s) of the Unit or by lawful conveyance of the Unit. The Primary Occupant of the Unit shall be the only person entitled to cast or exercise, in person or by proxy, the vote of the owner(s) of such Unit at any meeting of Members or in connection with any action concerning which Members of the Association shall be required or allowed to vote or otherwise act.

2. Ownership by Husband and Wife. Notwithstanding the provisions of Paragraph C.1 above, whenever any Unit is owned solely by a husband and wife, they may, but shall not be required to, designate a Primary Occupant. In the event a Voting Certificate designating a Primary Occupant is not filed by the husband and wife, the following provisions shall govern their right to vote:

- (i) Where both husband and wife are present at a meeting, each shall be regarded as the agent and proxy for the other for purposes of casting the Voting Interest for each Unit owned solely by them. In the event they are unable to concur in their decision upon any subject requiring a vote, they shall lose their right to exercise their Voting Interest on that subject at that meeting.
- (ii) Where only one (1) spouse is present at a meeting, the spouse present may exercise the Voting Interest of the Unit without establishing the concurrence of the other spouse, absent any prior written notice to the contrary to the Association by the other spouse. In the event of prior written notice to the contrary to the Association by the other spouse, the vote of said Unit shall not be considered in determining the requirement for a quorum or for any other purpose unless such prior notice to the contrary has been withdrawn by a subsequent written notice executed by both husband and wife.
- (iii) Where neither spouse is present, the person designated in a proxy signed by either spouse may exercise the Voting Interest of the Unit, absent any prior written notice to the contrary to the Association by the other spouse. In the event of prior written notice to the contrary to the Association or the designation of a different proxy by the other spouse, the vote of said Unit shall not be considered in determining the requirement for a quorum or for any other purpose.

D. Approval. Evidence of the approval or disapproval of the owner(s) of a Unit upon any matter, whether or not the subject of an Association meeting, shall be given to the Association by the same person who would cast the vote of such owner if in an Association meeting.

E. Votes Required. Except as otherwise required under the provisions of the Articles, these Bylaws or the Declaration, or where the same otherwise may be required by law, at any meeting of the general membership of the Association, which is duly called and at which time a quorum is present, the affirmative vote of a majority of the Voting Interests present in person or by proxy, shall be binding upon the Members.

F. Proxies. Except as otherwise required under the provisions of these Bylaws, at any meeting of the Members, every Member having the right to vote shall be entitled to vote in person or by general or limited proxy. Any proxy given shall be effective only for the specific meeting for which originally given and any lawfully adjourned meetings thereof. In no event shall any proxy be valid for a period longer than ninety (90) days after the date of the first meeting for which it was given. Every proxy shall be revocable at any time at the pleasure of the Member executing it.

G. Limited or General Proxies. Limited or general proxies may be used to establish a quorum. Limited proxies shall be used for (a) votes taken to waive or reduce reserves; (b) votes taken to waive financial statement requirements; (c) votes taken to amend the Declaration; and (d) votes taken to amend the Articles or the Bylaws. No proxy, limited or general, may be used in connection with the election of Directors, unless, pursuant to Florida Statutes Section 718.112(d)(8), the Association by the affirmative vote of a majority of the Voting Interests provide for different voting and election procedures, including but not limited to, providing for elections of Directors by limited or general proxy. General proxies may be used for other matters for which limited proxies are not required and may also be used in voting for non-substantive changes to items for which a limited proxy is required and given.

H. Consent to Action. Unless a duly called meeting of the Association shall be specifically required for action to be taken by the Members in these Bylaws, the Articles, the Declaration, the Act or other Florida Statutes, any action to be taken by the Association may be taken by written consent setting forth the action so taken, approved by Members holding not less than the minimum number of votes necessary to authorize or take such action at a meeting at which all Members entitled to vote thereon were present and voting.

III. ANNUAL AND SPECIAL MEETINGS OF MEMBERS

A. Annual Meeting. The annual meeting of the Members shall be held at the office of the Association or such other place in Seminole or Flagler County, Florida, and at such time as may be specified in the notice of the meeting, for the purposes of electing Directors and of transacting any other business authorized to be transacted by the Members.

B. Special Meetings. Except as elsewhere provided in these Bylaws to the contrary, special meetings of the entire membership of the Association shall be held whenever called by the President or Vice-President or by a majority of the Board of Directors. A special meeting must be called by the officers upon receipt of a written request from Members of the Association owning a majority of the Voting Interests in the Condominium.

C. Notice of Meetings. Notice of all meetings of Members, if any, shall be given by the Secretary or, in the absence of the Secretary, another officer of the Association, to each Member, if

any (unless waived in writing). Each notice shall be written or printed and shall incorporate an identification of agenda items and shall state the time, place of and purpose for which the meeting is called. Notice of the Annual Meeting shall be given to each Member not less than fourteen (14) days nor more than sixty (60) days prior to the date set for the meeting, and shall be mailed to each Member. Such notice shall be deemed properly given when deposited in the United States Mail addressed to the Member at his/her post office address as it appears on the records of the Association, with postage thereon prepaid. An officer of the Association shall provide an affidavit, to be included in the official records of the Association, affirming that notices of the Association meeting were mailed in accordance with this provision, to each Unit Owner at the address last furnished to the Association. Each notice shall, in addition, be posted at a conspicuous place in the Condominium at least fourteen (14) continuous days prior to said meeting. Upon notice to all Unit Owners, the Board of Directors shall, from time to time, by duly adopted rule, designate a specific location on the Condominium Property, upon which all notices of Unit Owner meetings shall be posted. If any meeting of the Members cannot be held because a quorum is not present, or because a greater percentage of the Voting Interests required to constitute a quorum for a particular purpose is not present, wherever the latter percentage may be required as set forth in the Articles, the Bylaws or the Declaration, the Members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum, or the required percentage of attendance if greater than a quorum, is present.

D. Presiding Officer and Minutes. At meetings of Members the President shall preside, or in his/her absence, the Vice President, or in the absence of both, the Members present shall select a chairman of the meeting. Minutes shall be kept in a businesslike manner and available for inspection by Directors, Members and their authorized representatives during normal business hours at the principal office of the Association. The Association shall retain these minutes for a period of not less than seven (7) years.

E. Members Participation at Meetings. Any Unit Owner may tape record or videotape meetings of the Board of Directors and meetings of Members, unless the Board designates a portion of the Board Meeting as being subject to attorney client privilege or another legal privilege. Unit Owners have the right to speak at meetings of the Board of Directors and meetings of Members with reference to all designated agenda items.

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

1. Calling of the roll and certifying of proxies;
2. Proof of notice of meeting or waiver of notice;

3. Reading or waiver of reading of minutes of previous meeting of Members;
4. Reports of officers;
5. Reports of committees;
6. Appointment by Chairman of inspectors of election;
7. Election of directors;
8. Unfinished business;
9. New business; and
10. Adjournment.

IV. BOARD OF DIRECTORS

A. Members of the Board of Directors. The Board of Directors shall consist of not less than three (3) persons. The initial members of the Board of Directors shall be appointed by the Developer and shall consist of not less than three (3) members for so long as the Developer is entitled to appoint any members of the Board of Directors. When Unit Owners, other than Developer, own fifteen percent (15%) of the Units of the Condominium that will ultimately be operated by the Association, the Unit Owners, other than the Developer, shall be entitled to elect, in the manner provided in Article IV, Paragraph B, of these Bylaws, not less than nor more than one third (1/3) of the Members of the Board of Directors. Unit Owners, other than the Developer, shall be entitled to elect, in the manner provided in Articles IV, Paragraph B, of these Bylaws, not less than nor more than a majority of the Members of the Board of Directors, three (3) years after the sales by the Developer have been closed on fifty percent (50%), but less than ninety percent (90%) of the Units that will ultimately be operated by the Association, or three (3) months after sales have been closed by the Developer of ninety percent (90%) of the Units which may, pursuant to the Declaration, ultimately be operated by the Association, or when all of the Units that will ultimately be operated by the Association have been completed, and some have been sold and none of the others are being offered for sale by the Developer in the ordinary course of business, or when some of the Units have been sold and none of the others are being constructed or offered for sale by the Developer in the ordinary course of business, or seven (7) years after recordation of the Declaration, whichever shall first occur. The Developer shall have the right to elect in the same manner provided in Article IV, Paragraph B, of these Bylaws the Members of the Board of Directors which other Unit Owners are not entitled to elect as long as the Developer holds for sale in the ordinary course of business any Units in the Condominium which may, pursuant to the Declaration, ultimately be

operated by the Association. The Developer shall be entitled to elect not less than one (1) member of the Board of Directors as long as the Developer holds for sale in the ordinary course of business at least five percent (5%) of the Units in the Condominium, which may, pursuant to the Declaration, ultimately to be operated by the Association. Commencing after the Developer shall have lost or relinquished the right to appoint at least (1) Director, the Directors shall be elected at large solely by the Unit Owners by a plurality of the votes cast by the Unit Owners at the annual membership meeting (the "Unit Appointed Directors"). Notwithstanding the foregoing, the Developer shall be entitled at any time to waive its rights hereunder, by execution and delivery to the Association of written waivers, and thereafter to vote in elections for Members of the Board of Directors in the same manner as any other Unit Owner. After Unit Owners, other than the Developer, elect a majority of the members of the Board of Directors, the Developer shall, within a reasonable time and in a manner as provided in these Bylaws and the Act, relinquish control of the Association and shall deliver to the Association all property of the Unit Owners and the Association held or controlled by the Developer. Meetings for the election of members of the Board of Directors shall be held annually in a manner to be provided in these Bylaws.

B. Election of Directors. Directors shall be elected in the following manner:

1. Commencing with the election of the first Board of Directors to succeed the Board of Directors comprised of the persons named in the Articles, Developer shall designate that number and the identity of the Members of the Board of Directors which it shall be entitled to designate in accordance with the Articles and these Bylaws, and, upon such designation by Developer, by written instrument presented to the meeting at which such election is held, the persons so designated by Developer shall be deemed and considered for all purposes Directors of the Association and shall thenceforth hold the offices and perform the duties of such Directors until their successors shall have been elected or designated, as the case may be, and qualified in accordance with the provisions of these Bylaws.

2. For so long as the Developer shall retain the right to appoint at least one (1) member of the Board of Directors, the remaining Members of the Board of Directors, whom Developer shall not be entitled to designate under these Bylaws, shall be elected at large by the Unit Owners, other than the Developer, by a plurality of the Unit Owners' votes cast at the annual meeting of the general membership immediately following designation of the Members of the Board of Directors whom Developer shall be entitled to designate. Commencing after the Developer shall have lost or relinquished the right to appoint at least one (1) Director, the remaining Directors shall be elected at large, by all of the Unit Owners, including the Developer with respect to any Developer owned Units, by a plurality of the votes cast by the Unit Owners at the annual membership meeting (the "Unit Appointed Directors").

3. Not less than sixty (60) days before scheduled election, the Association shall mail or deliver, whether by separate Association mailing or included in another Association mailing or delivery, including regularly published newspaper, to each Unit Owner entitled to a vote, the first notice of the date of the election. Any Unit Owner or other eligible person desiring to be a candidate for the Board of Directors must give written notice to the Association not less than forty (40) days before scheduled election. Together with the written notice and agenda required pursuant to Section 718.112(2)(d), subparagraph 2, of the Act, the Association shall mail or deliver a second notice of the election to all Unit Owners entitled to vote therein, together with a ballot which shall list all candidates. Upon request of the candidate, the Association shall include an information sheet, no larger than 8½" X 11", which must be furnished by the candidate not less than thirty-five (35) days before the election, to be included with the mailing of the ballot, with the costs of mailing or delivery and copying to be borne by the Association. The Association has no liability for the contents of the information sheets prepared by the candidate. No Unit Owner shall permit any other person to vote his/her ballot, and any such ballot improperly cast shall be invalid. The regular election shall occur on the date of the annual meeting.

4. There shall be no quorum requirements for the election of Directors; however, at least twenty (20%) percent of the Voting Interest must cast a ballot in order to have a valid election of members of the Board.

5. Vacancies on the Board of Directors may be filled so as to expire on the date of the next annual meeting, by the remaining Directors, and, if no such Directors exists, by a vote of the general membership at a special meeting of the membership called for such purpose and conducted in the manner called for in Article IV, Paragraph B.2 above, and except that should any vacancy in the Board of Directors be created in a directorship previously filled by any person designated by Developer, such vacancy shall be filled by Developer designating, by written instrument delivered to any office of the Association, the successor Director, who shall fill the vacated directorship for the unexpired term thereof.

6. If, at the time of the first annual meeting of Members, Unit Owners are entitled to elect all of the Directors, the terms of office of the Directors receiving the highest plurality of votes shall be two (2) years, and the terms of office of the remaining Director or Directors shall be one (1) year. If, at the time of the first annual meeting of Members, Developer is entitled to designate some or all of the Directors, Developer shall have the right to designate for two (2) year terms that number of Directors which the Director is entitled to designate. The remaining Director or Directors designated by the Developer or elected by the Unit Owners, other than the Developer, as applicable, if any, shall have terms of office of one (1) year; the intention being that terms of office of Directors be staggered. Thereafter, as many Directors shall be elected, or designated by Developer or the Unit Owners, as applicable, for two (2) year terms, as there are regular terms of office for Directors expiring at such times. Directors shall hold office for the terms to which elected

or designated, and thereafter until their successors are duly elected, or designated by the Developer, and qualified, or until removed in the manner elsewhere herein provided or provided by law.

7. In the election of Directors, there shall be, appurtenant to each Unit, one (1) vote for each Director, which is to be filled at that meeting; provided, however, that no Member or owner of any Voting Interest may cast more than one (1) vote per Unit or Voting Interest owned for any person nominated as a Director it being the intent hereof that the voting of Directors shall be non-cumulative.

8. The election of Directors shall be by written ballot or voting machine. Proxies shall not be used in electing Directors either in general elections or elections to fill vacancies caused by recall, resignation, or otherwise, unless authorized by the Association as privileged in Article II G.

9. Within seventy-five (75) days after Unit Owners other than the Developer are entitled to elect a member or Members of the Board of Directors of the Association, the Association shall, as otherwise provided in accordance with the provisions of these Bylaws, call and give not less than sixty (60) days notice of an election for Members of the Board of Directors. Such election may be called and the notice given by any Unit Owner if the Association fails to do so within the time prescribed herein. Election of such Directors by the Unit Owners shall be conducted in the manner provided in these Bylaws. Upon election of the first Unit Owner other than the Developer's representative to the Board of Directors, the Developer shall forward to the Division of Florida Land Sales, Condominiums and Mobile Homes the name and mailing address of such Unit Owner member.

10. In the event that Developer selects any person or persons to serve on any Board of Directors, Developer shall have the absolute right at any time, in its sole discretion, to replace any such person or persons with another person or other persons to serve on the Board of Directors. Replacement of any person or persons designated by Developer to serve on any Board of Directors shall be made by written instrument delivered to any officer of the Association, which instrument shall specify the name or names of the person or persons designated as successor or successors to the persons so removed from the Board of Directors. The removal of any Director and designation of his successor shall be effective immediately upon delivery of such written instrument by Developer to any officer of the Association.

C. Organizational Meetings. The organizational meeting of a newly elected or designated Board of Directors shall be held within thirty (30) days of their election or designation, and shall be noticed as required by this Article IV.

D. Regular Board of Directors Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the Directors. Notice of regular meetings shall be given to each Director, personally or by mail, telephone, telegram or overnight courier, at least seven (7) days prior to the day named for such meeting, unless notice is waived.

E. Special Meetings. Special meetings of the Board of Directors may be called by the President and must be called by the Secretary at the written request of one (1) of the Directors. Not less than three (3) days notice of a special meeting shall be given to each Director, personally or by mail, telephone or telegram, which notice shall state the time, place and purpose of the meeting.

F. Notices and Open Meetings. Adequate notice to the Members of all meetings (regular and special) of the Board of Directors, or any committee thereof at which a quorum of the Members of that committee are present, shall be posted conspicuously on the Condominium Property at least forty-eight (48) continuous hours in advance of the meeting, except in an emergency. The notice shall specifically incorporate an identification of agenda items. Upon prior notice to all Unit Owners, the Board of Directors shall, from time to time, by duly adopted rule, designate a specific location on the Condominium Property upon which notices of all Board of Directors meetings shall be posted. All meetings of the Board of Directors shall be open to all Unit Owners. Notice of any meeting of the Board of Directors or any committee thereof where the Association's budget or where regular assessments against Unit Owners are to be considered for any reason shall specifically contain a statement that assessments will be considered and the nature of any such assessments. Written notice of any meeting of the Board of Directors or any committee thereof at which non-emergency special assessments, or at which amendment to rules regarding Unit use will be proposed, discussed, or approved, shall be mailed or delivered to the Members and posted conspicuously on the Condominium Property not less than fourteen (14) continuous days prior to the meeting. The Secretary of the Association shall provide an Affidavit, to be included in the official records of the Association, confirming that notice of such meeting was provided in accordance with this provision, to each Unit Owner.

G. Board of Directors Meetings. Minutes of all meetings of the Board of Directors shall be kept in a businesslike manner and available for inspection by Members and Directors during normal business hours at the principal office of the Association. The Association shall retain these minutes for a period of not less than seven (7) years.

H. Waiver of Notice. Any Director may waive notice of a meeting before, at or after the meeting by signing a waiver of notice and placing it in the minute book, and such waiver shall be deemed equivalent to the giving of notice.

I. Telephonic Participation in Meetings. Members of the Board or any committee designated by the Board may participate in a Board or committee meeting by means of telephone or other electronic means, through which all persons participating in the meeting can hear each other at the same time. Participation in this manner shall constitute presence at the meeting for all such purposes. Participants attending by electronic means may vote by electronic transmission.

J. Quorum, Voting and Approval. A quorum at meetings of the Board of Directors shall consist of the Directors entitled to cast a majority of the votes of the entire Board of Directors. The acts of the Board of Directors approved by a majority of the votes present at a meeting at which a quorum is present shall constitute the acts of the Board of Directors, except as may be specifically otherwise provided in the Articles, these Bylaws or the Declaration. A Director of the Association who is present at a meeting of the Board of Directors at which action on any Association matter is taken shall be presumed to have assented to the Action taken, unless he/she votes against such action or abstains from voting in respect thereto because of an asserted conflict of interest. If any meeting of the Board of Directors cannot be held because a quorum is not present, or because the greater percentage of the Directors required to constitute a quorum for particular purposes is not present, wherever the latter percentage of attendance may be required as set forth in the Articles, these Bylaws or the Declaration, the Directors who are present may adjourn the meeting from time to time until a quorum, or the required percentage of attendance if greater than a quorum, is present. At any adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice to the Directors, however notice of the adjourned meeting must be given in accordance with Paragraph F, Article IV hereof. All meetings of the Board of Directors shall be open to all Unit Owners, unless otherwise provided by law, provided the Board shall have the right to exclude Unit Owners from portions of a Board Meeting which the Board deems to be subject to attorney client privilege or other legal privilege of the Board.

K. Presiding Officer. The presiding officer of meetings of the Board of Directors shall be the President of the Association. In the absence of the presiding officer, the Directors present shall designate one of their number to preside.

L. Powers and Duties. All of the powers and duties of the Association shall be exercised by the Board of Directors, including those existing under the laws of Florida, the Articles, these Bylaws and the Declaration. Such powers and duties shall be exercised in accordance with the Articles, these Bylaws and the Declaration, and shall include, without limitation, the right, power and authority to:

1. Make, levy and collect assessments, including without limitation, assessments for reserves and for improvements to Condominium Property assessments imposed against the Units pursuant to the Master Declaration, the Cost Share Declaration and the Connector Road Agreement, all as described in the Declaration, against Members and Members' Units to defray the costs of the

Condominium, and use the proceeds of assessments in the exercise of the powers and duties of the Association, including, but not limited to, payment of such assessments due to the Master Association, and/or The Ocean Hammock Property Owners Association, Inc. pursuant to the Master Declaration, the Cost Share Declaration and the Connector Road Agreement.

2. Maintain, repair, replace, operate and manage the Condominium whenever the same is required to be done and accomplished by the Association for the benefit of Members;

3. Repair and reconstruct improvements after casualty as set forth in the Declaration;

4. Make and amend regulations governing the use of the property, real and personal, in the Condominium, provided that such regulations or amendments thereto shall not conflict with the restrictions and limitations which may be placed upon the use of such property under the terms of the Articles and Declaration;

5. Acquire, own, hold, operate, lease, encumber, convey, exchange, manage and otherwise trade and deal with property, real and personal, including Units of and in the Condominium as may be necessary or convenient in the operation and management of the Condominium and in accomplishing the purposes set forth in the Declaration;

6. Contract for the management and maintenance of the Condominium Property and to authorize a management agent to assist the Association in carrying out its powers and duties including, but not limited to, the performance of such functions as the submission of proposals, collection of assessments, preparation of records, enforcement of rules and maintenance, repair and replacement of the Common Elements and Limited Common Elements with funds as shall be made available by the Association for such purposes. The Association and its officers shall, however, retain at all times the powers and duties granted by the Condominium documents and the Act, including, but not limited to, the making of assessments, promulgation of rules and execution of contracts on behalf of the Association;

7. Enforce by legal means the provisions of the Articles, these Bylaws, the Declaration and all regulations governing use or property of and in the Condominium hereafter adopted;

8. Pay all taxes and assessments which are liens against any part of the Condominium other than Units and the appurtenances thereto, and assess the same against the Members and their respective Units subject to such liens;

9. Carry insurance for the protection of Members and the Association against casualty and liability;

10. Pay all costs of power, water, sewer and other utility services rendered to the Condominium and not billed to the owners of the separate Units; and

11. Employ personnel to perform the services required for proper administration of the purposes of the Association.

M. First Board of Directors. The first Board of Directors of the Association shall be comprised of those Members of the Board of Directors as described in the Articles, who shall serve until their successors are designated by Developer or elected at the first annual meeting of the Members as described in Article IV, Paragraph B(8). Should any member of the First Board of Directors be unable to serve for any reason, the Developer shall have the right to select and designate a successor to act and serve for the unexpired term of the Director who is unable to serve.

N. Removal and Recall. Any Unit Owner elected member of the Board of Directors may be recalled and removed from office with or without cause by the vote or agreement in writing by a majority of all Voting Interests. A special meeting of the Members to recall a member or members of the Board of Directors may be called by ten percent (10%) of the Voting Interests giving notice of the meeting in the same manner as notice of the call of a special meeting of the Members is required as set forth in Article III, Paragraph C, and the notice shall state the purpose of the meeting. Such special meeting to recall a member or Members of the Board of Directors is subject, however to the right of Developer to elect Directors as provided herein. Members of the Board of Directors appointed by the Developer may only be removed by the Developer.

1. If the recall is approved by a majority of all Voting Interests by a vote at a meeting, the recall will be effective as provided herein. The Board of Directors shall duly notice and hold a Board of Directors meeting within five (5) full business days of the adjournment of the Unit Owner meeting to recall one or more Board of Directors Members. At the meeting, the Board of Directors shall either certify the recall, in which case such member or Members shall be recalled effective immediately and shall turn over to the Board of Directors, within five (5) full business days, any and all records and property of the Association in their possession or shall proceed as set forth below.

2. If the proposed recall is by an agreement in writing by a majority of all Voting Interests, the agreement in writing or a copy thereof shall be served on the Association by certified mail or by personal service in the manner authorized by Chapter 47, *Florida Statutes*, and the Florida Rules of Civil Procedure. The Board of Directors shall duly notice and hold a meeting of the Board of Directors within five (5) full business days after receipt of the agreement in writing. At the

meeting, the Board of Directors shall either certify the written agreement to recall a member or members of the Board of Directors, in which case such member or members shall be recalled effective immediately and shall turn over to the Board of Directors, within five (5) full business days, any and all records and property of the Association in their possession or proceed as described below.

3. If the Board of Directors determines not to certify the written agreement to recall a member or members of the Board of Directors or does not certify the recall by a vote at a meeting, the Board of Directors shall, within five (5) full business days after the meeting, file with the Division of Florida Land Sales, Condominiums and Mobile Homes ("Division") a petition for arbitration pursuant to the procedures in Section 718.1255, *Florida Statutes*. For the purposes of this provision, the Unit Owners who voted at the meeting or who executed the agreement in writing shall constitute one party under the petition for arbitration. If the arbitrator certifies the recall as to any member or members of the Board of Directors, the recall will be effective upon mailing of the final order of arbitration to the Association. If the Association fails to comply with the order of the arbitrator, the Division may take action pursuant to Section 718.501, *Florida Statutes*. Any member or members of the Board of Directors so recalled shall deliver to the Board of Directors any and all records of the Association in their possession within five (5) full business days of the effective date of the recall.

4. If the Board of Directors fails to duly notice and hold a Board of Directors meeting within five (5) full business days of service of an agreement in writing or within five (5) full business days of the adjournment of the Unit Owner recall meeting, the recall shall be deemed effective and the Board of Directors Members so recalled shall immediately turn over to the Board of Directors any and all records and property of the Association.

5. If a vacancy occurs on the Board of Directors as a result of a recall and less than a majority of the Board of Directors Members are removed, a vacancy may be filled by the affirmative vote of a majority of the remaining Board of Directors, notwithstanding any provision to the contrary contained in this Paragraph M. If vacancies occur on the Board of Directors as a result of a recall and a majority or more of the Board of Directors Members are removed, the vacancies shall be filled in accordance with the procedural rules of the Division, as set forth in Fla. Admin. Code Rule 61B-23.0027. Developer shall be entitled to fill any vacancy on the Board resulting from such recall with respect to any Developer appointed Board of Directors vacancies.

O. Place of Board of Directors Meetings. Notwithstanding anything contained in these Bylaws to the contrary, any meeting of Members of the Board of Directors may be held at any place, within or without the State of Florida designated in the notice of any such meeting, or notice of which is waived.

V. OFFICERS

A. Generally. The Board of Directors shall elect a President, Secretary, Treasurer and as many Vice Presidents, Assistant Secretaries and Assistant Treasurers as the Board of Directors shall deem advisable from time to time. The President shall be elected from the membership of the Board of Directors, but no other officer need be a Director. The same person may hold two (2) offices, the duties of which are not incompatible; provided, however, that the office of President and Vice President shall not be held by the same person, nor shall the office of President and Secretary or Assistant Secretary be held by the same person. The Board of Directors may from time to time elect such other officers, and designate their powers and duties, as the Board of Directors may deem necessary to properly manage the affairs of the Association. Officers may be removed from office by the Board of Directors.

B. President. The President shall be the chief executive officer of the Association. He/she shall have all of the powers and duties which are usually vested in the office of President of a corporation not-for-profit including, but not limited to, the power to appoint committees from among the Members from time to time, as he/she may in his/her discretion determine appropriate, to assist in the conduct of the affairs of the Association. He shall have such additional powers as the Board of Directors may designate.

C. Vice President. The Vice President shall, in the absence or disability of the President, exercise the powers and perform the duties of President. He/she shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the Board of Directors.

D. Secretary. The Secretary shall keep, or cause to be kept, the minutes of all proceedings of the Board of Directors and the Members. He/she shall attend to the giving and serving of all notices to the Members and the Board of Directors, and such other notices as may be required by law. He/she shall have custody of the seal of the Association and affix the same to instruments requiring a seal when duly signed. He/she shall keep, or cause to be kept, the records of the Association, except those of the Treasurer, and shall perform all other duties incident to the office of Secretary of a corporation not-for-profit and as may be required by the Board of Directors and the President. The Assistant Secretary shall perform the duties of Secretary when the Secretary is absent.

E. Treasurer. The Treasurer shall have custody of all of the Property of the Association including funds, securities and evidences of indebtedness. He/she shall keep the assessment roll and accounts of the Members; he/she shall keep the books of the Association in accordance with good accounting practices, and he/she shall perform all other duties incident to the office of Treasurer.

F. Compensation. No compensation shall be paid to any officer of the Association except with the approval of a majority of the membership, reflected by a vote taken at a duly constituted membership meeting. No officer who is appointed by the Developer shall receive any compensation for his/her services as an officer. Nothing herein shall be construed so as to prohibit or prevent the Board of Directors from employing any Director or officer as an employee of the Association at such compensation as the Board of Directors shall determine, nor shall anything herein be construed so as to preclude the Board of Directors from contracting with a Director or officer or with any corporation in which a Director or officer or with any corporation in which a Director or officer of the Association may be a stockholder, officer, Director or employee, for the management of the Condominium for such compensation as shall be mutually agreed between the Board of Directors and such officer, Director or corporation, or from contracting with a Director or officer or corporation in which a director or officer of the Association may be a stockholder, officer, director or employee for the purpose of making available to the Unit Owners of Condominium Units such services as are contemplated by these Bylaws, the Articles and the Declaration. An officer, Director or manager may not solicit, offer to accept or accept anything of service or value for which consideration has not been provided for his or her own benefit or that his or her immediate family, from any person providing or proposing to provide goods or services to the Association.

VI. FIDELITY BONDING OF OFFICERS AND DIRECTORS

The Association shall obtain and maintain adequate insurance or fidelity bonds for all persons who control or disburse funds for the Association. The insurance policy or fidelity bond must cover the maximum funds that will be in the custody of the Association or its managing agent at any one time. The Association shall bear the cost of bonding.

VII. OFFICIAL RECORDS

A. From the inception of the Association, the Association shall maintain a copy of each of the following where applicable, which shall constitute the official records of the Association;

1. The plans, permits, warranties and other items provided by the Developer applicable to the Condominium;
2. A photocopy of the recorded Declaration and all amendments thereto;
3. A photocopy of these Bylaws as recorded and all amendments thereto;
4. A certified copy of the Articles and amendments thereto;
5. A copy of the current rules and regulations of the Association;

6. The Association minute book containing the minutes of all meetings of the Association, of the Board of Directors, and of Unit Owners, which minutes shall be retained for a period of not less than seven (7) years;

7. A current roster of all Unit Owners, their mailing addresses, Unit identifications, Voting Certificates, and if known, telephone numbers;

8. All current insurance policies of the Association and the Condominium;

9. A current copy of any management agreement, lease, or other contract to which the Association is a party or under which the Association or the Unit Owners have an obligation or responsibility;

10. Bills of sale or transfer for all property owned by the Association;

11. Accounting records for the Association maintained according to good accounting practices. All accounting records shall be maintained for a period of not less than seven (7) years. The accounting records shall include, but are not limited to:

(a) Accurate, itemized, and detailed records of all receipts and expenditures.

(b) A current account and a monthly, bimonthly or quarterly statement of the account for each Unit designating the name of the Unit owner, the due date and amount of each assessment, the amount paid upon the account, and the balance due.

(c) All audits, reviews, accounting statements and financial reports of the Association or Condominium.

(d) All contracts for work to be performed. Bids for work to be performed shall also be considered official records and shall be maintained for a period of one (1) year after completion of the applicable work..

12. Voting proxies, which shall be maintained for a period of one (1) year from the date of the meeting for which the proxy was given.

13. All rental records where the Association is acting as agent for the rental of Condominium Units.

B. The official records of the Association shall be maintained in Seminole or Flagler County, Florida.

C. The official records of the Association shall be open to inspection by any Association member or the authorized representative of such member at all reasonable times.

VIII. FISCAL MANAGEMENT

The provisions for fiscal management of the Association set forth in the Declaration and Articles shall be supplemented by the following provisions:

A. Assessment Roll. The assessment roll shall be maintained in a set of accounting books in which there shall be an account for each Unit. Such account shall designate the name and mailing address of the owner(s) of each Unit, the amount of each assessment against the owner(s) of each Unit, the amount paid, and the balance due upon each assessment.

B. Annual Budget. The Board of Directors shall adopt for, and in advance of, each fiscal year, a budget for the Condominium showing the estimated costs of performing all of the functions of the Association as such Condominium for the year. The budget shall show the total estimated expenses of the Association for that year and shall contain an itemized breakdown of the Common Expenses, which shall include, without limitation, the costs of operating and maintaining the Common Elements and Limited Common Elements, taxes on Association property, wages and salaries of Association employees, management, legal and accounting fees, office supplies, public utility services not metered or charged separately to Units, premiums for insurance carried by the Association and reserve accounts for capital expenditures and deferred maintenance and any other reserves and/or funds which may be established from time to time by the Board of Directors. Such reserve accounts shall include, but not be limited to, roof replacement, building painting and pavement resurfacing. All such reserve funds and interest thereon shall remain in such accounts for authorized reserve expenditures, unless their use for other purposes is approved in advance by a majority of the Members. Each budget shall also show the proportionate share of the total estimated expenses to be assessed against and collected from the owner(s) of each Unit and due date(s) and amount of installments thereof. Copies of the proposed budget and proposed assessments shall be mailed or hand delivered to each Member on or before January 1 of the year for which the budget is made at the address last furnished to the Association and not less than fourteen (14) days prior to the meeting of the Board of Directors at which the budget will be considered, together with a notice of the time and place of that meeting. The Secretary of the Association shall provide an Affidavit, to be included in the official records of the Association, confirming that notice of such meeting was provided in accordance with this provision to each Unit Owner. Such meeting of the Board of Directors shall be open to Members. If any budget is subsequently amended, a copy shall be furnished to each affected Member. Delivery of a copy of any budget or amended budget to a

Member shall not affect the liability of any Member for any such assessment, nor shall delivery of a copy of such budget or amended budget be considered as a condition precedent to the effectiveness of the budget and assessments levied pursuant thereto. Nothing herein contained shall be construed as a limitation upon the additional assessment in the event that any budget originally adopted shall appear to be insufficient to pay costs and expenses of operation and management or in the event of emergencies.

C. Increased Budget(s). If a budget is adopted by the Board of Directors which requires assessment of the Members in any budget year exceeding one hundred fifteen percent (115%) of such assessments for the preceding budget year, upon written application of ten percent (10%) of the Voting Interests, a special meeting of the Members shall be held upon not less than ten (10) days written notice to each Member, but within thirty (30) days of the delivery of such application to the Board of Directors or any member thereof, at which special meeting Members shall consider and adopt a budget or recall any and all Members of the Board of Directors and elect their successors in accordance with Article IV, Section M, subject, however, to the right of the Developer to appoint Directors as provided in Article IV. Any such budget shall require a vote of not less than a majority of the whole number of all Voting Interests. The Board of Directors may, in any event, first propose a budget to the Members at any such meeting of Members or by writing, and if such budget or proposed budget be approved by a majority of the whole number of all Voting Interests, either at such meeting or by writing, such budget shall be adopted and shall not thereafter be reexamined by the Members in the manner hereinabove set forth, nor shall any or all members of the Board of Directors be recalled on account of the adoption of such budget by the Board of Directors and the approval of the Budget by the Members as provided herein. If a meeting of the Unit Owners has been called pursuant to this provision and a quorum is not attained or a substitute budget is not adopted by the Unit Owners, the budget adopted by the Board of Directors shall go into effect as scheduled. In determining whether assessments exceed one hundred fifteen percent (115%) of similar assessments in the prior budget year, there shall be excluded from the computation reasonable reserves made by the Board of Directors for repair and replacement of Condominium Property; anticipated expenses by the Association which are not anticipated to be incurred on a regular or annual basis; and assessments for improvements to the Condominium Property. Notwithstanding anything to the contrary herein, so long as Developer is in control of the Board of Directors, the Board of Directors shall not impose an assessment for a budget year greater than one hundred fifteen (115%) of the prior budget year's assessment without approval of a majority of all Voting Interests.

D. Notice of Adopted Budget. Upon adoption of budgets, the Board of Directors shall cause written copy thereof to be delivered to all Members. Assessments shall be made against the Units pursuant to procedures established by the Board of Directors, and in accordance with terms of the Declaration and Articles. Members shall be liable to pay assessments not less often than quarterly. Provided, however, that the lien or lien rights of the Association shall not be impaired by failure to comply with procedures established pursuant to these Bylaws.

E. Assessments. To provide funds necessary for proper operation and management of the Condominium, the Association shall have the right to make, levy and collect assessments against the Members and their respective Units to pay their share of Common Expenses. Assessments by the Association against each Member and his/her Unit shall be the fractional share of the total assessments to be made against all Members and their Units as set forth in the Declaration. Unless otherwise determined by the Board of Directors, assessments shall be payable monthly on the first day of each month, but in no event shall amounts be payable less often than quarterly. If an annual assessment is not made as required, an assessment shall be presumed to have been made in the amount of the last prior assessment, and installments on such assessment shall be due upon each installment payment date until changed by an amended Assessment. In the event the annual assessment proves to be insufficient, the budget and assessments may be amended at any time by the Board of Directors subject to the limitations of Article VIII, Section C. Unpaid assessments for the remaining portion of the fiscal year for which an amended assessment is made shall be payable in equal installments through the end of the fiscal year; provided, nothing herein shall serve to prohibit or prevent the Board of Directors from imposing a lump sum assessment in case of any immediate need or emergency.

F. Special Assessments. Special assessments shall be levied and paid as determined by the Board of Directors and shall be those chargeable to all Members of a Condominium in the same proportions as regular assessments to meet shortages or emergencies, to construct, reconstruct, repair or replace all or any part of the Common Elements or Association property (including fixtures and personal property related thereto) and for such other purposes as shall have been approved by the Board of Directors. The specific purpose or purposes of any special assessment imposed by the Board of Directors shall be set forth in a written notice of such assessment sent or delivered to each Unit owner in the manner prescribed for giving notice of meetings to the Unit Owners as described in these Bylaws. The funds collected pursuant to a special assessment shall be used only for the specific purpose or purposes set forth in such notice, or returned to the Unit Owners. However, upon completion of such specific purpose or purposes, any excess funds shall be considered Common Surplus.

G. The Depository and Commingling of Funds. All sums collected by the Association from all assessments against all Units in the Condominium may be commingled in a single fund, or divided into more than one fund, as determined from time to time by the Board of Directors; provided, however, that reserve and operating funds of the Association shall not be commingled but shall be maintained in separate accounts at all times. The depository of the Association shall be such bank or banks or savings and loan association or associations as shall be designated from time to time by the Directors and in which the monies of the Association shall be deposited. Withdrawal of monies from such accounts shall be only by checks or withdrawals signed by such persons as are authorized. Any contract for the management and maintenance of the Condominium Property entered into by the Board of Directors with a management agent may include in its provisions

authority for the manager to sign checks on behalf of the Association for payment of the obligations of the Association.

H. Audit. An audit of the accounts of the Association may be made from time to time as directed by the Board of Directors or as may be required by *Florida Statutes*.

IX. PARLIAMENTARY RULES AND ARBITRATION

A. Roberts' Rules of Order (latest edition) shall govern the conduct of corporation proceedings when not in conflict with the Articles, these Bylaws or the laws of Florida.

B. Internal disputes arising from the operation of the Condominium among Unit Owners, the Association, their agents and assigns shall be subject to mandatory non-binding arbitration as provided in *Florida Statutes*, Section 718.1255.

X. RULES AND REGULATIONS

A. The Initial Rules and Regulations as set forth as an Exhibit to the Prospectus for The Villas at Hammock Beach, a Condominium, shall apply to the Condominium Property, the Common Elements, the Limited Common Elements and the Condominium Units and shall be deemed in effect until amended by the Board of Directors of the Association, and shall apply to and be binding upon all Unit Owners. The Unit Owners shall, at all times, obey said Rules and Regulations and shall use their best efforts to see that they are faithfully observed by their families, Guests, invitees, servants, lessees, customers, patrons, employees, and persons over whom they exercise control and supervision.

B. The Board of Directors shall have the power as set forth in the Bylaws to promulgate additional rules and regulations as they see fit for the operation and management of The Villas at Hammock Beach, a Condominium, subject to the restrictions set forth in Paragraph D below.

C. The Board of Directors may, pursuant to *Florida Statutes* 718.303(3) impose fines in such reasonable sums as they deem appropriate, not to exceed \$100.00 per violation, \$1,000.00 in the aggregate, against Unit Owners for violations of the Condominium documents including the Rules and Regulations, by Owners or their Guests. Each day of violation shall be a separate violation. No fine may be levied except after giving reasonable notice and an opportunity for a hearing to the Unit Owner and, if applicable, to licensee or invitee. The procedure for the hearing shall be established by the Board of Directors and be included in the Rules and Regulations of the Association. The hearing must be held before a committee of other Unit Owners. If the committee does not agree with the fine, the fine may not be levied.

D. The Board of Directors may not promulgate rules or regulations pertaining to restrictions on the term of leases for Units. The Board of Directors may also not narrow the definition of Guests in order to restrict the use of any Unit. Restrictions on these areas are permissible only by complying with the amendment procedures of these Bylaws or the Declaration, whichever is applicable.

XI. AMENDMENTS TO BYLAWS

Amendments to these Bylaws may be proposed and amended by a majority of the first Board of Directors until the first annual meeting of the Members and thereafter by the Unit Owners only in the following manner:

A. Proposal. Amendments to these Bylaws may be proposed by the Board of Directors, action upon vote of a majority of the Directors, or by Members owning sixty-six percent (66%) of the Voting Interests in the Condominium, whether meeting as Members or by instrument in writing signed by them.

B. Notice. Upon any amendment or amendments to these Bylaws being proposed by the Board of Directors or Members, such proposed amendment or amendments shall be transmitted to the President of the Association or acting chief executive officer in the absence of the President, who shall thereupon call a special meeting of the Members for a date not sooner than twenty (20) days or later than sixty (60) days from receipt by such officer of the proposed amendment or amendments and it shall be the duty of the Secretary to give each Member written or printed notice of such meeting in the same form and in the same manner as notice of the call of a special meeting of the Members is required as herein set forth; provided, that proposed amendments to the Bylaws may be considered and voted upon at annual meetings of the Members.

C. Content of Amendment. No Bylaw shall be revised or amended by reference to its title or number only. Proposals to amend existing Bylaws shall contain the full text of the Bylaws to be amended; new words shall be inserted in the text underlined, and words to be deleted shall be lined through with hyphens. However, if the proposed change is so extensive that this procedure would hinder, rather than assist, the understanding of the proposed amendment, it is not necessary to use underlining and hyphens as indicator of words added or deleted, but, instead, a notation must be inserted immediately preceding the proposed amendment in substantially the following language: "Substantial rewording of bylaw. See bylaw for present text." Nonmaterial errors or omissions in the bylaw amendment process shall not invalidate an otherwise properly promulgated amendment.

D. Voting. In order for such amendment or amendments to become effective, the same must be approved by an affirmative vote of Members owning not less than sixty-six percent (66%) of the Voting Interests in the Condominium. Thereupon, such amendment or amendments to these

Bylaws shall be transcribed and shall include on the first page thereof a reference to the book and page of the public records where the Declaration is recorded, and shall be certified by the President and Secretary of the Association. A copy thereof shall be recorded in the public records of Flagler County, Florida, within fifteen (15) days from the date on which any amendment or amendments have been affirmatively approved by the Members.

E. Written Vote. At any meeting held to consider such amendment or amendments to these Bylaws, the written vote of any Member shall be recognized if such Member is not present at such meeting in person or by limited proxy, provided such written vote is delivered to the Secretary at or prior to such meeting.

F. Developer's Reservations. Notwithstanding the foregoing provisions of this Article IX, no amendment to these Bylaws which shall abridge, amend or alter the rights of Developer may be adopted to become effective without the prior written consent of Developer. Notwithstanding the provisions contained herein for amendment to the Bylaws, no amendment to these Bylaws shall:

1. Change any "Condominium parcel" (as defined in the Act) unless the record owner thereof and all record owners of liens thereon shall join in the execution and acknowledgment of the amendment;
2. Conflict with the Declaration, the Articles or the Act;
3. Discriminate against any Unit Owner or against any Unit or building or class of buildings comprising part of the Condominium Property, unless the record owners of all affected Units and record owners of all liens thereon shall join in the execution and acknowledgment of the amendment;
4. Change the share of Common Elements or Limited Common Elements appurtenant to any Unit or Units or the share of any Unit Owner in the Common Surplus, or increase the share of any Unit Owner(s) in the Common Expenses, unless the record owner of all Units and record owners of all liens thereon shall join in the execution and acknowledgment of such amendments;
5. Adversely affect the lien or priority or materially and adversely affect the rights and remedies of any first mortgagee of any Unit or of a Mortgagee as defined in the Declaration holding by a previously recorded mortgage on a Unit, unless the record owner of all liens on the Units affected shall join in the execution and acknowledgment of the amendment; and
6. Anything herein to the contrary notwithstanding, until the first regular election of the Directors by the membership, and so long as the Developer shall have the right to fill

vacancies on the Board of Directors, an amendment shall require only the unanimous consent of the Board of Directors, and no meeting of the Members nor any approval thereof need be had.

The foregoing were adopted as the Bylaws of The Villas at Hammock Beach Condominium Association, Inc., a corporation not-for-profit under the laws of the State of Florida, at the organizational meeting of the Board of Directors on the 6th day of September, 2002.



Print Name: Christina D Alvarez
Secretary

EXHIBIT G
MANAGEMENT CONTRACT

ASSOCIATION MANAGEMENT AGREEMENT

THIS ASSOCIATION MANAGEMENT AGREEMENT (“Agreement”) dated this 24th day of September, 2002 by and between **THE VILLAS AT HAMMOCK BEACH CONDOMINIUM ASSOCIATION, INC.**, a Florida not-for-profit corporation (hereinafter referred to as the “Association”) and **HAMMOCK BEACH RESORT MANAGEMENT, LC**, a Georgia limited liability company (hereinafter referred to as the “Agent”).

WITNESS TO

WHEREAS, the Agent has certain expertise in the operation and management of residential property and the common property associated therewith; and

WHEREAS, the Association has the responsibility of the operation and management of the Common Elements and the Limited Common Elements pursuant to its obligations under The Villas at Hammock Beach Declaration of Condominium (hereinafter referred to as the “Declaration”), recorded in the public records of Flagler County, Florida, as amended from time to time.

NOW, THEREFORE, in consideration of Ten and No/100 Dollars (\$10.00) and the mutual covenants contained herein, the receipt and sufficiency of which are acknowledged by the parties, the parties agree as follows:

1. APPOINTMENT.

The Association hereby appoints the Agent on the terms and conditions hereinafter provided, to be exclusive Agent of the Association, and to assist the Association in the operation and management of land subject to its jurisdiction under the Declaration, and to do and perform the duties and services provided in this Agreement. The Agent accepts this appointment.

2. DEFINITIONS.

As used in this Agreement, all words and phrases will have definitions and meanings as set forth in the Declaration, the Articles and Bylaws.

3. GENERAL AUTHORITY AND DUTIES.

It is expressly understood that the Association cannot contract away its obligation to perform certain duties and services in connection with the management and operation of the Villas at Hammock Beach Condominium (hereinafter referred to as the “Condominium”). Accordingly, the Agent is only being employed to assist the Association in the performance of its duties and services as are more particularly set forth in the Declaration, Articles, Bylaws and the rules and regulations of the Association (collectively referred to herein as the “Documents”). With this common understanding, the parties agree that:

Every act performed by the Agent herein, including, without limitation, contracting with independent contractors, shall be as an Agent for the Association.

3.1. The Agent will confer fully and freely with the Association's Board of Directors (the "Board") or its designated representatives.

3.2. The Agent shall rely on factual information and directions provided by the President of the Association and such other officer or officers of the Association as the Board may designate by written resolution. The Agent shall be protected by the terms of Section 12 herein for any liability it sustains as a result of such reliance.

3.3. The authority and duties conferred herein upon the Agent are more particularly set forth in the Documents unless additional and further authority or duties have been otherwise vested in the Association by the Documents.

4. PERSONNEL.

The Agent shall hire such personnel in its own name, and as its own employees, at the expense of the Association and subject to budgetary limitations established by the Board, which are necessary for the efficient discharge of the duties as otherwise set forth in this Agreement. The Association shall only be required to pay for the pro-rata time of such personnel designated for work related to the Condominium. There shall be not less than one (1) part time person assigned to the Condominium. The compensation, benefits and expenses of such personnel are to be reimbursed by the Association to the Agent within the budgetary limitations.

5. SPECIFIC DUTIES OF THE AGENT.

The Agent shall render services and perform duties as follows during the term of this Agreement:

5.1. ADMINISTRATION.

5.1.1. Maintain business-like relations with the Association Members, whose service requests shall be received and completed or, after reasonable investigation, be reported to the Board with appropriate recommendations. If a complaint requires legal assistance to secure its resolution, the Board will be so informed and no further action will be taken by the Agent until or unless the Board so authorizes.

5.1.2. Investigate, hire, contract with, supervise and pay, from the Association's funds, and subject to budget limits set by the Board, such personnel and independent contractors as the Agent deems necessary to properly maintain and operate the Condominium as well as the Common Elements and Limited Common Elements in the manner more fully specified in the

Documents. In choosing independent contractors, the Agent will use its good faith efforts to obtain three written qualified proposals, the final approval of which will come from the Board. The Agent will require all independent contractors performing services for the Condominium to provide the Association with active certificates of insurance for workman's compensation, general liability and property damage. The Agent shall recommend to the Association qualified professionals to assist the Association and the Agent. The decision to employ and compensate professional expertise will be the responsibility of the Board.

5.1.3. Upon request of the Association, assist the Association in establishing contracts for water, electricity, gas, fuel oil and other necessary services to the Units, Common Elements and Limited Common Elements within the Condominium or such of them as the Association shall deem advisable which shall be subject to Board approval and shall be at the expense of the Association.

5.1.4. Place orders for such equipment, tools, appliances, materials and supplies as are necessary to properly maintain and repair the Condominium at the expense of the Association subject to budget limits set by the Board. All such contracts and orders shall be made in the name of the Association and approved by the Board.

5.1.5. Cause to be placed and kept in force all forms and insurance of the type and in the amount requested by the Association or as required under the Documents, at the expense of the Association. All of the various types of insurance coverage required will be placed with such companies, in such amounts and with such beneficial interest appearing therein, as shall be requested by the Board and as required by the Documents. The Agent shall furnish to the Board copies of all such insurance policies and report to the insurance company all reported accidents or damages related to the management operation and maintenance including any damage or destruction to the Condominium.

5.1.6. Maintain all records in regard to the Agent's duties hereunder in a manner which is approved by the Board and as required by the Documents. Such records shall be kept in the office or a storage facility of the Agent, and shall be available for inspection by any Member during normal business hours by prior appointment. Storage of records shall be at the expense of the Association. Such records shall be delivered to the Board promptly after the termination of this Agreement.

5.1.7. Maintain copies of the following documents, which constitutes the official records of the Association, and shall open the records for inspection by any Member or authorized representative of such Member, at all reasonable times, who shall have the right to make copies as may be required subject to the applicable charges therefore.

5.1.7.1. A photocopy of the recorded Declaration and all amendments thereto;

5.1.7.2. A copy of the recorded Bylaws of the Association and all amendments thereto;

5.1.7.3. A certified copy of the Articles of Incorporation of the Association or other documents creating the Association and all amendments thereto;

5.1.7.4. A copy of the current rules and regulations of the Association;

5.1.7.5. A book or books containing the minutes of all meetings of the Association, of the Board and of the Association Members, which minutes shall be retained for a period of not less than seven (7) years;

5.1.7.6. A current roster of all Association Members, their mailing addresses, unit identification, voting certificates, and if known, telephone numbers;

5.1.7.7. All current insurance policies of the Association and the Condominium;

5.1.7.8. A current copy of any management agreement, lease or other contract to which the Association is a party or under which the Association or the Association Members have an obligation or responsibility;

5.1.7.9. Bills of sale or transfer for all property owned by the Association.

5.1.7.10. Accounting records for the Association. All accounting records shall be maintained for a period of not less than seven (7) years. The accounting records shall include, but are not limited to:

5.1.7.10.1 Accurate, itemized and detailed records of all receipts and expenditures;

5.1.7.10.2 A current account and a monthly, bi-monthly or quarterly statement of the account for each Unit designating the name of the Association Members owning the Unit, the due date and amount of each assessment, the amount paid upon the account, the balance due;

5.1.7.10.3 All audits, reviews, accounting and financial reports of the Association or the Condominium; and

5.1.7.10.4 All contracts for work to be performed. Bids for work to be performed shall also be maintained for a period of seven (7) years from the date of receipt of the bid.

5.1.7.11. Ballots, sign-in sheets, voting proxies and all other papers relating to voting by Unit Owners, which shall be maintained for a period of one (1) year from the date of the election vote or meeting to which the document relates.

5.1.7.12. Prepare and maintain a copy of the current Question and Answer Sheet as described in Fla. Stat. §718.504 and as required by Fla. Admin. Code Rule 61B-23.0025(9).

5.1.8. Maintain an office within the State of Florida, together with a telephone so that Association Members or occupants of Units may contact the Agent or its employees on a twenty-four hour basis. The initial address and telephone number of the Agent is:

Hammock Beach Resort Management, LLC
5 Blue Heron Lane
Palm Coast, Florida 32137
Telephone: (904) 447-2224

5.1.9. Attend all annual meetings of the Association and such additional Board meetings, not to exceed twelve in any twelve (12) month period. Meetings are to be held during normal working hours on any day, Monday through Saturday. If Agent provides secretarial services for meetings after normal working hours, the cost will be billed back to the Association at a rate consistent with one and one half the hourly cost of the secretary.

5.1.10. Cooperate with the Board in preparation and conduct of the Association's annual meeting, prepare and transmit such notices and proxies and other materials at the Association's expense as may be requested. Upon the request of the Association, the Agent shall serve as Registered Agent of the Association pursuant to the requirements of *Florida Statutes* Chapter 617.

5.1.11. Perform annual evaluations of the Condominium Property and insurance limits as required by the Documents.

5.2. FISCAL.

5.2.1. Submit to the Board, with Board or its Finance Committee assistance, a proposed budget for the operation of the Condominium for the ensuing fiscal year, at least sixty (60) days before the beginning of each new fiscal year of the Association. Such budget shall include such financial information, or other information as the Board requests and is reasonably necessary for the Board to review and finalize the schedule of assessments proposed for the new fiscal year and for expenditures hereunder. The Board shall furnish the Agent with the preliminary budget as approved by the Board at least forty-five (45) days before the commencement of the fiscal year. The Agent, at the expense of the Association, shall transmit copies thereof to each Member with the notice of Annual Budget meeting at least fourteen (14) days prior to the Annual Budget meeting and

shall execute an affidavit evidencing compliance with those notice requirements. The budget shall constitute a major control under which the Agent shall operate, and there shall be no variances therefrom, except such as may be sanctioned in writing by the Board.

5.2.2. Agent shall advise individual Association Members of Association's authority and notice of intent to file liens against property, should Members' account become delinquent, to protect Association's financial interest.

5.2.2.1. Late charges and insufficient funds charges will be assessed to a Member's account as provided in the Condominium documents or the Condominium Act and Florida Statutes, Chapter 718 (the "Condominium Act").

5.2.2.2. As directed by Association, Agent shall research recorded ownership of property, cause to be prepared and recorded liens against property and, when appropriate, cause to be prepared and recorded satisfactions of lien. A lien fee will be assessed to the account of the property owner, as provided in the Condominium documents or the Condominium Act. Agent will receive \$50.00 as an administrative fee for processing said lien and the remaining lien fee will be retained in Association's general fund to offset related mailing and recording expenses.

5.2.2.3. As directed by Association, Agent will forward necessary documentation to an attorney of Association's choice for legal collection and/or foreclosure action. Agent will act as liaison between the attorney and Association. If acting as the Association's registered Agent, Agent will accept service of summons and complaints on behalf of Association and forward same to an attorney of Association's choice for answer within the time frame dictated by law to ensure Association's interest in the lawsuit is protected.

5.2.3. From the funds collected and deposited, cause to be disbursed regularly and punctually:

5.2.3.1. Fire, casualty, liability and other Association or Condominium insurance premiums, electrical, water, sewer, trash, and similar charges; and the amount specified by the Association for allocation to reserves, if any;

5.2.3.2. Compensation to on-site labor as more particularly defined in Section 4 above, together with the payroll processing cost, insurance, taxes, workman's compensation, audit expense, overtime, vacation pay, holiday pay, sick pay, jury duty, group hospitalization and life insurance and such other employee benefits as the Board may approve;

5.2.3.3. The Agent's compensation as is set forth in Section 11;

5.2.3.4. The Agent's reimbursable expenses which, in addition to those items specifically disclosed herein, shall be itemized by the Agent and approved by the Board or a designated Director of the Board; and

5.2.3.5. Other sums otherwise due and payable by the Association as operating expenses authorized to be incurred under the terms of this Agreement.

5.2.4. The Agent shall furnish to the Board, no later than the first business day after the 20th day of each month, the following records and information regarding the Association:

5.2.4.1. Balance Sheet;

5.2.4.2. Statement of Revenue and Expenses, showing monthly and year-to-date expenditures as compared to current month and year-to-date budgets, or a photocopy thereof;

5.2.4.3. A list of Aged Accounts Receivable;

5.2.4.4. Supporting Schedules as provided in the software system for those statements provided in (5.2.4.1) and (5.2.4.2) above.

5.2.5. The Agent shall maintain a complete set of formal books to include a balance sheet, income statement and all ledgers. These records will be available at the office of the Agent for inspection by the Association or its Members upon request.

5.2.6. The Agent shall, on behalf of the Association, prepare, file and cause to be paid, all forms, reports and licenses required by the Condominium Act. At the direction of the Board, the Agent shall contract for the preparation of the tax returns at the expense of the Association. At the expense of the Agent, the annual balance sheet and revenue and expense statement shall be audited for the Association. These financial reports will then be delivered to the Members within sixty (60) days following the end of the fiscal year. The expense incurred for the distribution of this financial report to the Members will be borne by the Association. The Association, at its option and its expense, shall have the right to an independent audit or review, which shall be coordinated by the Agent.

5.2.7. Establish and maintain bank accounts as Agent of the Association, which accounts shall be in one or more financial institutions as directed by the Board from time to time and reflect the custodial nature thereof. Said account shall be for the deposit of all monies received by the Agent on behalf of the Association. Such funds shall not be commingled with the funds of the Agent or any other person or entity.

5.2.7.1. The Association specifically directs the Agent to draw funds on said accounts to discharge any liabilities or obligations, incurred pursuant to this Agreement, and for the payment of the Agent's compensation or reimbursements, all of which payments shall be subject to the limitations set forth in this Agreement.

5.2.7.2. The Agent will place all monies in excess of current needs in interest bearing accounts or in long term obligations such as certificates of deposit as directed by the Board and in accordance with the Documents.

5.2.7.3. The Agent shall provide the Association with a certificate of Agent's fidelity bond coverage in an amount equal to the maximum amount of Association funds which will be in the custody of the Agent, but not less than \$50,000.00.

5.2.8. Upon notification by a closing agent of pending sale, Agent will:

5.2.8.1. Review Association governing documents regarding required approvals and/or transfer fees. Should review of property transfers be required by Association's governing documents, Agent will provide the appropriate information to the closing agent for completion. Upon receipt of required approvals, Agent will review the property account status and prepare a certificate stating the total amount of maintenance fees, special assessments, late fees, transfer fees, etc., due to be collected at closing of title. After closing is held, Agent will collect and deposit funds received from closing agent and update Association's files and financial records with new owner information.

5.2.8.2. Agent shall receive \$50.00 per closing to offset expenses of processing the required information; said fees to be charged to the Unit Owner's account. Agent shall not be held liable for closings which occur of which Agent has not been properly notified.

5.3. OPERATIONS.

5.3.1. If the Association specifically requests, and at the Association's expense, the Agent shall require all of the Agent's on-site personnel to prominently display sufficient identification of their employment, while engaged in such employment, on or about the Condominium.

5.3.2. The Agent shall cause the Common Elements and Limited Common Elements, which are to be maintained by the Association under the Documents, to be maintained according to the standards acceptable to the Association, subject to limitations imposed by the budget, the Documents, the Association and those contained in this Agreement. The Agent shall inspect the Condominium regularly to assure that all maintenance is being performed in a timely manner.

5.3.3. For any one item of repair or replacement, the expenses shall not exceed the budgeted amount, unless specifically authorized in writing by the Board. However, if such repairs manifest danger to life and the property, or for the safety of the Members or occupants of the Units or are required to avoid the suspension of any necessary service to the Condominium, emergency repairs may be made by the Agent, irrespective of the cost limitation imposed by this paragraph. Notwithstanding this authority as to emergency repairs, it is understood and agreed that the Agent will, if reasonably possible, confer with the designated person, or another officer or director, of the Association regarding such expenditure.

5.3.4. The Agent shall take such actions as may be necessary to comply with any and all orders or requirements affecting the Condominium placed thereon by any federal, state, county, municipal or other governmental or regulatory authority having jurisdiction thereover, and the orders of the Board of Fire Underwriters or other similar bodies, subject to the limitation of the budget or direction of the Board. The Agent shall notify the Association within five (5) working day, or such shorter time as is necessary to comply with such order and/or requirements, of all such notices and orders.

5.3.5. It shall be the duty of the Agent at all times during the term of this Agreement to operate and maintain the Condominium according to standards consistent with the overall plan of the Association. The Agent shall see that all Association Members are informed with respect to such rules, regulations and notices as may be promulgated from time to time by the Board of the Association.

6. TERM, RENEWAL, TERMINATION AND DEFAULT.

6.1. The term of this Agreement commences upon the execution hereof and continues indefinitely until it is terminated as provided in this Section 6. Upon termination, the Agent shall deliver to an Association officer, all papers, books, records and supplies maintained by the Agent on behalf of the Association and all funds held by the Agent on account of the Association. This Agreement shall terminate, and all obligations other than those having previously arisen shall cease, upon the happening of any of the following events:

6.1.1. If either party shall file, or have filed against it, a petition in bankruptcy, or if either shall make a general assignment for the benefit of creditors, the other may terminate this Agreement by serving thirty (30) days written notice on the insolvent party.

6.1.2. Upon the destruction or upon the taking by any governmental agency through lawful condemnation proceedings of the entire Condominium Property or a substantial portion thereof, either party may terminate this Agreement by serving thirty (30) days written notice on the other.

6.1.3. Notwithstanding anything to the contrary contained in this Agreement, consistent with the provisions of the Condominium Act, the Association may terminate this

Agreement with or without cause, upon sixty (60) days prior written notice to the Agent, upon the vote of seventy-five percent (75%) of the Owners other than the Developer after control of the Association has passed from the Developer to such Owners, or after such Owners own not less than seventy-five percent (75%) of the Units in the Condominium with at least seventy-five percent (75%) of all Owners other than the Developer voting affirmatively in person, and not by proxy.

6.1.4. Prior to passage of control of the Association from the Developer to the Owners, the Developer or Agent may terminate this Agreement at any time, with or without cause, upon ninety (90) days prior written notice of such termination to the other party.

6.2. If the Association or any of its Members interferes with the Agent in the performance of its duties and exercise of its powers hereunder, or if the Association shall fail to promptly do any of the things required of it hereunder, then the Agent, upon fifteen (15) days written notice of such default to the Association, specifying the default complained of, may declare the Association in default under this Agreement, unless such default is cured by the Association within such fifteen (15) day period, provided, if Association is diligently pursuing to cure the default as of the expiration of such fifteen (15) day period, the time to cure the default shall be extended an additional fifteen (15) days. Upon default, the Agent may, in addition to any other remedy available to it by agreement or in law or in equity, bring an action against the Association and its Members for damages, specific performance and/or such other rights and remedies as it may have, and the Association and its Members shall be liable for the Agent's reasonable attorneys' fees and costs incurred thereby. Notwithstanding anything to the contrary contained herein, Agent shall not have any claim for special or consequential damages, including, without limitation, lost profits, except that Agent shall have the right to seek as damages of up to sixty (60) days of lost profits under this Agreement.

6.3. If the Agents fails to substantially perform its duties and obligations under this Agreement, the Association, upon fifteen (15) days written notice of such default to the Agent, specifying the default complained of, may declare the Agent is in default under this Agreement, unless such default is cured by the Agent within such fifteen (15) day period, provided, if Agent is diligently pursuing to cure the default as of the expiration of such fifteen (15) day period, the time to cure the default shall be extended an additional fifteen (15) days. Upon default, the Association may, in addition to any other remedy available to it by agreement or in law or in equity, bring an action against Agent for damages, specific performance and/or such other rights and remedies as it may have, and the Agent shall be liable for the Association's reasonable attorneys' fees and costs incurred thereby.

6.4. Until occurrence of the conditions for termination in this Section 6 have occurred, this Agreement will be automatically renewed for a one (1) year period, unless either party provides the other party, sixty (60) days prior to the commencement of the applicable automatic renewal term, with written notice advising such party that the Agreement will not be renewed.

6.5. In the event this Agreement is terminated pursuant to any of the provisions of this Section 6, then all outstanding charges or expenses incurred by the Agent under the terms of this

Agreement, which are to be paid or reimbursed by the Association, but not paid at the time of termination, shall be paid by the Association to the Agent or directly to the party or entity entitled to such payment. Any funds of the Association which are in excess of said outstanding charges or expenses shall be paid over to the Association by the Agent within ten (10) business days after termination of the Agreement. Within thirty (30) working days after termination, Agent shall supply a final statement of account in the nature of the monthly accounting required of the Agent, as heretofore set forth in this Agreement.

7. DUTIES SEVERABLE.

Each duty of the Agent or authority delegated to the Agent is severable and separate from any and every other duty or authority and the unenforceability or illegality of any duty or authority shall not affect any or every duty or authority or the validity of this Agreement.

8. LIABILITIES FOR INJURY OR DAMAGE.

The Agent shall not be liable to the Association for any loss or damage not caused by the Agent's own negligence, willful misconduct or failure to comply with its obligations hereunder.

9. UNIT MAINTENANCE.

This Agreement does not contemplate, nor is the Agent responsible for or required to perform, the upkeep and repair of the interior or exterior of any Units nor maintenance, repair or replacement of an Association Member's fixtures or appliances, the responsibility of which is, under the Documents, that of the individual Association Member who owns such Unit.

10. ASSOCIATION INTERFERENCE.

The Association shall not interfere, nor permit, allow or cause any of its officers, directors or Members to interfere with the Agent in the performance of its duties or the exercise of any of its powers hereunder; except as otherwise provided herein.

11. AGENT'S COMPENSATION.

11.1. The Association shall pay to Agent for the specific management services performed under this Agreement, a net fee, free of all charges and expenses (other than income taxes of Agent), of \$ 325.00 per Unit per year, which amount is equal to \$1950.00 per year or \$162.50 per month in Phase 1 of the Condominium based upon six (6) Units in Phase 1, plus all out of pocket costs and expenses (other than salaries) actually incurred by Agent hereunder. As additional Phases are added to the Condominium, as provided in the Condominium Documents or, if the actual number of Units in the Condominium varies from that set forth herein, the Agent's fee provided herein shall be automatically adjusted to reflect the actual number of Units in the Condominium, and the adjusted fee shall be payable to the Agent commencing on the first month following the date the number of

Units in the Condominium changes. The Agent's compensation shall be paid to the Agent within five (5) business days after the first day of each month during the term of this Agreement.

11.2. All reimbursable expenses to Agent set forth in this Agreement shall be paid to the Agent on the same day of each month as the fee for services is due, provided that Agent has provided the Association with an accounting thereof not later than the 20th day of the preceding month.

11.3. The Association understands and agrees that this Agreement imposes on it the firm and irrevocable obligation to pay all fees and reimbursable costs and otherwise perform the other provisions hereof for the full term of this Agreement, subject, however, to the termination provisions of Section 6 hereof and the budget limitations, except in the case of emergency. Agent has no duty, liability or obligation to fund or otherwise pay any expenses of the Association from its funds. Any payments to be made by the Agent under this Agreement shall be made from the accounts of the Association or as may be provided by the Association. The Agent shall not be obligated to make any advance to or for the accounts of the Association, or to pay any sum, except out of funds held or provided as aforesaid, nor shall the Agent be obligated to incur any liability or obligation for the accounts of the Association. The Association shall maintain an adequate balance in its operating account to cover current operating expenses.

11.4. The Association shall pay to Agent a supplemental management fee in the amount of \$25.00 per unit for collection efforts with respect to any extraordinary collection efforts with respect to delinquent special assessments for any unit(s), whether or not actually collected by the Association. The Association also agrees that the Agent shall be reimbursed for all actual, out-of-pocket, costs (other than salaries) reasonably incurred and associated with the extraordinary collection of delinquent maintenance fees. Specifically, those charges which may be prompted by use of the judicial system for enforcement and collection of outstanding fees, whether uncollected by the Association or its management predecessor or those which may occur in the future. Provided, however, prior to the use of an attorney or any judicial enforcement proceeding, the Agent will provide the Association with an estimate of such charges and secure the express written approval of the Board.

11.5. Agent shall not be responsible for any rental program of the Association, if any.

11.6. The Association shall pay to Agent a fee equal to six percent (6%) of the gross amounts payable by the Association for all construction, renovation or restoration work relating to the Condominium Property during the term of this Agreement where the Agent undertakes, at its election, upon the written request of the Association, to act as construction supervisor, plus all actual, out-of-pocket costs and expenses (excluding salaries) relating thereto. If such duties are under taken by Agent, Agent's role shall be to perform general monitoring and supervision of all construction, renovation or restoration work, and shall specifically exclude, without limitation, any engineering, technical or architectural work or inspections, which shall be the responsibility of the Association's engineers, architects or contractors, as the case may be.

11.7. The specific duties to be performed by Agent for the compensation stated above are set forth in Section 5 of this Agreement. In the event that the Association should request in writing any additional services and Agent agrees to perform such services, the terms and fees for which Agent would provide such services are subject to agreement between the parties. In the event the Agent undertakes such services and a specific fee is not agreed to by the Association, the provisions of Section 17 shall control.

11.8. All costs and expenses to be paid by the Association hereunder shall be paid to Agent as they become due, or shall be reimbursed to Agent, in Agent's discretion; provided, however, that Agent shall have no obligation to advance funds to the Association for any purpose whatsoever.

12. INDEMNIFICATION.

12.1 The Association hereby agrees to indemnify the Agent and save the Agent harmless from and against any and all actions, claims, demands, liabilities, losses, damages or expenses of any nature, including reasonable attorney's fees through all appeals and any bankruptcy proceedings, if any, which the Agent may incur by reason of services rendered or duties performed by the Agent pursuant to the terms and conditions of this Agreement, but only to the extent that such expenses, damages, losses, liabilities, demands, claims or actions are not covered by any insurance which the Agent may be required to maintain under the terms and conditions of this Agreement or under the law of the State of Florida and further provided such damages, losses, liabilities, demands, claims or actions are not caused by Agent's negligence or willful misconduct.

12.2 The Association shall name the Agent as an additional insured on all public liability insurance policies carried by the Association.

12.3 The Agent hereby agrees to indemnify the Association and save the Association harmless from and against all actions, claims, demands, liabilities, damages, losses or expenses of any nature, including reasonable attorney's fees through all appeals and bankruptcy proceedings, if any, which Association may incur by reason of services rendered or duties performed by the Agent which are not in compliance with the requirements of this Agreement or authorized by the Board or due to omissions or failures of the Agent in its performance of the required obligations.

12.4 The Agent shall at all times during the term of this Agreement maintain a general liability insurance policy with a minimum single limit of One Million (\$1,000,000.00) Dollars covering injuries and damages to both persons and property and naming the Association, its officers, directors, and members (if naming the members is reasonably available to Agent), as additional insureds (the "Insurance Policy"). A current certificate evidencing such Insurance Policy shall be maintained and supplied to the Association. For those employees of Agent who handle or are responsible for the handling of the Association's monies, Agent shall obtain and maintain a fidelity bond acceptable both to Agent and the Board. Upon execution of this Agreement, Agent shall provide the Association with certificate(s) of insurance for the fidelity bond and shall present the

same to the Association, showing current coverage during the term or renewal term and upon the request of the Board.

13. ENFORCEMENT.

13.1. Should it become necessary for either the Agent or the Association to enforce this Agreement due to default of the other, all costs and attorney's fees prior to trial and through all appeals and any bankruptcy proceedings, if any, incurred by the prevailing party, shall be paid by the non-prevailing party.

13.2. In addition to the other provisions for the enforcement and payment of the fees, charges and other amounts herein covenanted to be paid by the Association to the Agent or by Agent to the Association, each party shall have any and all other rights and remedies in connection with the enforcement and collection hereof, as provided by law.

13.3. This Agreement shall be construed in accordance with the laws of the State of Florida in force and effect at the time of the execution hereof.

13.4. The exercise of one or more of the rights or remedies provided herein, shall not be construed as a waiver of the other.

14. ASSIGNMENT.

The Agent may not assign its rights, title and interest herein to another management firm, without the Association's prior written consent, except to an entity in which Agent, or an entity in which the Agent has a 51% or greater legal, equitable or beneficial interest, is a general partner, member, manager or shareholder, with a 51% or greater legal, equitable or beneficial interest in such Assignee entity, operating and authorized to do business under the law of the State of Florida. However, said agreement shall not be valid unless and until the assignee thereunder expressly issues and agrees, in writing, to perform each and every covenant and term of this Agreement. Upon such assignment, the Agent shall be released from any further obligations and liabilities to the Association from and after the date of such assignment and shall be released from any obligations and liabilities to the Association for any acts, omissions or liabilities incurred by the Agent's assignee from and after the date of such assignment.

15. CONTRACT LANGUAGE.

The language used in this Agreement shall be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of strict constructions shall be applied against any party and, for purposes of interpretation, neither party shall be considered the drafter of this Agreement.

16. COMPLIANCE.

Agent covenants and agrees to obtain and maintain (and to cause its employees to obtain and maintain) during the term of this Agreement all necessary and required licenses in order to maintain full compliance with the laws of the State of Florida.

17. NON-CONTRACTED SERVICES.

Unless a separate agreement is entered into between the Association and the Agent, as provided for in Paragraph 11.8, any additional services provided the Association by Agent, which are not a part of Section 5, Specific Duties of Agent, shall be billed separately to the Association at a rate of \$50.00 per hour, with a minimum charge of \$50.00, provided Agent shall have notified the Association in advance that the requested services of the Agent will be non-contractual services which will be billed to the Association in accordance with this paragraph 17 and Association shall have agreed to same in writing. Agent shall maintain time allocations on any such services, which shall be presented to the Association's Board of Directors for review upon request.

18. ASSOCIATION ASSESSMENT AND COLLECTIONS.

Notwithstanding the delegation by the Association to the Agent of its power to collect assessments and maintenance fees during the term of this Agreement, the Association retains the power to make, determine and collect the amount of those assessments as are specified in the Declaration.

19. AGENT'S RESERVATIONS AND DISCLOSURES.

19.1. Agent shall employ the personnel required for the performance of its duties hereunder, as it determines, in its sole discretion, provided, however, that the Agent shall have a minimum of one (1) part time employee.

19.2. Agent shall have the right to manage the condominium and/or property owners association of other condominium and non-condominium projects and its affiliates, or any of them, may contract with the Association as a vender, purchaser, contractor, supplier, provider of goods and services, or otherwise; provided that the charges to the Association shall be competitive in light of the prevailing rates for such goods and services as may be involved. Any material affiliated relationships and services shall be disclosed in reasonable detail to the Association by the Agent prior to providing such services.

20. MISCELLANEOUS.

20.1. When any party hereto, and the Association's Members, desire to or are required to give notice unto the other or others in connection with and according to the terms of this Agreement, such notice shall be given by certified mail, return receipt requested, or by a nationally recognized

overnight courier that provides tracking and receipts of deliveries, to the address of the party as reflected by the official records of the Association.

20.2. No waiver of a breach of any of the covenants contained in this Agreement shall be construed to be a waiver of any succeeding branch of the same covenant.

20.3. Time is of the essence in every particular and especially where the obligation to pay money is involved.

20.4. No modification, release or discharge or waiver of any provision hereof shall be of any force, effect or value, unless in writing, signed by the parties to this Agreement, i.e., the Agent or the Association, or their respective successors or assigns (with the exception of an assignment of this Agreement, as provided for in Paragraph 14 above).

20.5. This instrument references and constitutes the entire Agreement between the parties hereto, as of the date of execution hereof, and neither has been induced by the other by representatives, promises or understandings not expressed herein, and there are no collateral agreements, stipulations, promises or understanding whatsoever in any way touching the subject matter of this instrument or the instruments referred to herein which are not expressly contained therein.

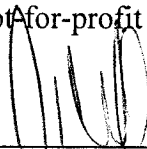
IN WITNESS WHEREOF, the parties have caused this Management Agreement to be signed in their names on the day and year written below.

Signed, sealed and delivered
in the presence of:

**THE VILLAS AT HAMMOCK BEACH
CONDOMINIUM ASSOCIATION, INC.,**
a Florida not-for-profit corporation

EDZ.
Print Name: Elena Didz.

Kasha Nyquist
Print Name: TASHA NYQUIST

By: 

Print Name: John Lenihan
Its: President

Date: 9/29/02

Signed, sealed and delivered
in the presence of:

**HAMMOCK BEACH RESORT
MANAGEMENT, LLC**, a Georgia limited
liability company

Eileen P. Coleman
Print Name: Eileen P. Coleman

Sherry McCauley
Print Name: Sherry McCauley

By: Robert F. Masters
Print Name: Robert F. Masters
Its: Exec. Vice President

Date: 09/23/02