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FLORIDA NON-PROFIT CORPORATION

Lost Lake Residential Property Owners Association, I

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TALLAHASSEE, FLORIDA

**ARTICLES OF INCORPORATION
OF
LOST LAKE
RESIDENTIAL PROPERTY OWNERS ASSOCIATION, INC.**

In compliance with the laws of the State of Florida, the undersigned do hereby voluntarily associate for the purpose of forming a corporation not-for-profit for the purposes and with powers set forth herein. All capitalized terms set forth herein, to the extent not defined herein, shall have the meanings set forth in the Declaration of Covenants, Conditions, Restrictions and Easements for Lost Lake Reserve (Residential Areas) recorded in Official Records Book 2213, at Page 2159 of the public records of Lake County, Florida, as it may be modified and supplemented from time to time ("Declaration").

ARTICLE I. NAME

The name of the corporation is LOST LAKE RESIDENTIAL PROPERTY OWNERS ASSOCIATION, INC., hereinafter referred to as the "Association".

ARTICLE II. REGISTERED AGENT AND OFFICE

The name and address of the Registered Agent of the Association is:

F. Hood Craddock
33 East Wall Street
Frostproof, Florida 33863

ARTICLE III. PRINCIPAL OFFICE

The principal office of the Association shall be located at 33 East Wall Street, Frostproof, Florida 33863; but the Association may maintain offices and transact business in such places, within or without the State of Florida, as may from time to time be designated by the Board of Directors.

ARTICLE IV. PURPOSE AND POWERS

The Association does not contemplate pecuniary gain or profit to its Members. The specific purposes for which it is formed are to operate as a corporation-not-for-profit pursuant to Chapter 617, Florida Statutes and to provide for the maintenance, preservation and architectural control of all Improvements on the Property and the Common Property, all within that certain tract of land described in the Declaration ("Property"), as such is supplemented from time to time, all for the mutual advantage and benefit of the Members of this Association, who shall be the Owners of the Lots. For such purposes, the Association shall have and exercise the following authority and powers:

- A. To exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in the Declaration, as the same may be

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amended from time to time as therein provided, as well as in the provisions of these Articles and the Bylaws. The Declaration is incorporated herein by this reference as if set forth in detail.

- B. To fix, levy, collect and by any lawful means enforce payment of all Assessments pursuant to the terms of the Declaration, and to pay all expenses in connection therewith, and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes or governmental charges levied or imposed against the property of the Association.
- C. To acquire, by gift, purchase or otherwise, own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use, or otherwise dispose of real or personal property or any improvements thereon in connection with the affairs of the Association.
- D. To borrow money and to mortgage, pledge or hypothecate any and all of the Association's real or personal property as security for money borrowed or debts incurred.
- E. To dedicate, sell or transfer all or any part of the Common Property to any public agency, authority or utility.
- F. To participate in mergers and consolidations with other nonprofit corporations organized for the same purposes.
- G. To make, establish and amend reasonable rules and regulations governing the use of the Lots and Common Property.
- H. To maintain, repair, replace, operate and manage the Common Property.
- I. To employ personnel, agents or independent contractors to perform the services required for the proper operation of the Common Property.
- J. To exercise architectural control over Improvements within the Property pursuant to the rights granted to the Association in the Declaration.
- K. To have and to exercise any and all powers, rights and privileges which a corporation organized under the law of the State of Florida may now or hereafter have or exercise.

All of the Association's assets and earnings shall be used exclusively for the purposes set forth herein and in accordance with Section 528 of the Internal Revenue Code of 1986, as amended (the "Code"), and no part of the assets of this Association shall inure to the benefit of any individual Member or any other person. The Association may, however, reimburse its Members for actual expenses incurred for or on behalf of the Association, and may pay compensation in a reasonable amount to its Members for actual services rendered to the Association, as permitted by Section 528 of the Code, other applicable provisions of the Code,

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federal and state law. In addition, the Board of Directors shall also have the right to exercise the powers and duties set forth in the Bylaws.

ARTICLE V. MEMBERSHIP

- A. Every person or entity who is record owner of a fee or undivided fee interest in any Lot, including Lost Lake Reserve, LLC, a Florida limited liability company ("Developer") and contract sellers, shall be a Member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association.
- B. The transfer of the membership of any Owner shall be established by the recording in the public records of Lake County of a deed or other instrument establishing a transfer of record title to any Lots for which membership has already been established. Upon such recordation the membership interest of the transferor shall immediately terminate. Notwithstanding the foregoing, the Association shall not be obligated to recognize such a transfer of membership until such time as the Association receives a copy of the deed or other instrument establishing the transfer of ownership of the Lot. It shall be the responsibility and obligation of the former and new Owner of the Lot to provide such copy to the Association.
- 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 Lot owned by such Member.

ARTICLE VI. VOTING RIGHTS

- A. The Association shall have two (2) classes of voting Members, as follows:
 1. Class A. Class A Members shall be all Owners, with the exception of Developer while the Class B Membership exists. Class A Members shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members; however, the votes for such Lot shall be exercised as they shall determine among themselves, but in no event shall more than one vote be cast with respect to any Lot. Notwithstanding the foregoing, if title to any Lot is held by a husband and wife, either spouse may cast the vote for such Lot unless a written voting authorization is filed with the Association. When title to a Lot is in a corporation, partnership, association, trust, or other entity (with the exception of Developer), such entity shall be subject to the applicable rules and regulations contained in these Articles and the Bylaws. Builders, contractors or others who purchase a Lot for the purpose of constructing improvements thereon for resale shall not be deemed to be Class A Members.

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Until Turnover, the Class B Member shall have the sole voting rights. After Turnover, the Class A Members may vote for the Board of Directors and to approve or disapprove Major Amendments and Minor Amendments, as hereinafter provided. After Turnover, the Developer shall be a Class A Member with respect to the Lots which it owns, and shall have all the rights and obligations of the Class A Members, except that it may not cast its votes for the purpose of reacquiring control of the Association or selecting the majority of the members of the Board.

2. Class B. The Class B Member shall be Developer and shall be entitled to the sole right to vote in Association matters until the occurrence of the earlier of the following events ("Turnover"):
 - a. Three (3) months after ninety percent (90%) of the Lots in the Property that will ultimately be operated by the Association have been conveyed to Class A Members.
 - b. Such earlier date as Developer, in its sole discretion, may determine in writing.
- B. Major Amendments. After Turnover, the Members of the Association are specifically required to approve the following amendments or changes by the approval of a majority of all votes in the Association:
 1. Amendments of the Declaration.
 2. Amendments of the Articles.
 3. Dissolution of the Association.

The foregoing amendments or changes are hereinafter referred to as "Major Amendments."

In order to approve any of the foregoing Major Amendments, such amendment or change must first be approved by a majority of the Board of Directors. The Board shall then cause the secretary to give notice of a meeting to be held no sooner than thirty (30) days after the notice, which notice shall state the time, date and place of the meeting and shall state the proposed Major Amendments. The notice shall also enclose a proxy designation and a written ballot form. Each Member may cast its votes prior to the meeting or may designate a proxy to cast its votes prior to or at the meeting.

The proposed Major Amendment shall be deemed approved if a majority of all votes of all Members entitled to vote approve the proposed Major Amendment. If a majority of votes is not obtained either approving or disapproving the Major Amendment, then the Board may, but is not required to send a notice requesting all Members who did not vote to cast their ballot approving or disapproving the Major Amendment and unless the Association receives a majority of all votes approving the Major Amendment within thirty (30) days of the meeting, the

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Major Amendment shall be deemed disapproved. In the event that a proposal is made to amend a Supplemental Declaration which encumbers only specific property and does not affect the rights or obligations of Owners not subject to such Supplemental Declaration, then an amendment to such Supplemental Declaration shall be made if approved by the majority of all the votes of Members subject to such Supplemental Declaration.

C. Minor Amendments. After Turnover the Members are required to approve the following actions or amendments by a majority of all votes cast, whether in person or by proxy:

1. Increases in Assessments in excess of fifteen percent (15%) in any one year.
2. Levying of Special Assessments.
3. Merger or consolidation of the Association.
4. Dedication or conveyance of Common Property (excluding the grant of an easement, license or use right for a utility, or other public purpose which may be granted upon approval of the Board of Directors.)
5. Change in use of reserves.

The foregoing amendments or charges are hereinafter collectively referred to as "Minor Amendments."

In order to approve any of the foregoing Minor Amendments, such Minor Amendments must first be approved by a majority of the Board of Directors. The Board shall then cause the secretary to give notice of a meeting to be held no sooner than thirty (30) days after the notice, which notice shall state the proposed Minor Amendment. The notice shall also enclose a proxy designation and a written ballot form. Each Member may cast its votes prior to or at the meeting or may designate a proxy to cast its votes prior to or at the meeting.

The Minor Amendment shall be approved or disapproved by the majority of votes cast at or before the meeting, in person, by proxy or written ballot, provided that there are at least thirty percent (30%) of the votes cast in person, by proxy, or by written ballot.

D. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Proxies shall be dated, state the date, time, and place of the meeting for which it was given and be signed by the person authorized to give the proxy. A proxy may permit the holder to appoint in writing a substitute holder. Any proxy shall be effective only for the specific meeting for which originally given and any lawfully adjourned meetings thereof. A proxy is not valid for a period longer than ninety (90) days after the

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date of the first meeting for which it was given. A proxy is revocable at any time at the pleasure of the Member who executes it. Proxies need not be notarized.

E. Waiver and Consent. Whenever the vote of Members at a meeting is required or permitted, the meeting and vote may be dispensed with if the applicable percentage of the Members who would have been required to vote upon the action if such meeting were held, shall consent in writing to such action being taken. Any such consent shall be distributed in accordance with the rules and regulations adopted by the Board of Directors and an executed copy shall be placed in the minute book.

F. Mergers.

1. By Developer. Developer shall have the right, but not the obligation, until Turnover, from time to time, within its sole discretion, to merge or consolidate this Association with any other property owners association.
2. By Owners. After Turnover, the Association may be merged with another association if approved as a Minor Amendment.
3. Effect. Upon a merger or consolidation of the Association with another property owners association, the Association's Common Property, rights and obligations may, by operation of law, be transferred to the surviving or consolidated association, or alternatively, the Property, rights and obligations of another property owners association may, by operation of law, be added to the Common Property, rights and obligations of the Association, as a surviving corporation pursuant to a merger. To the greatest extent practicable, the surviving or consolidated property owners association shall administer the covenants, conditions, easements and restrictions established by this Declaration within the Property, together with any surviving covenants and restrictions established upon any other properties as one scheme, but with such differences in the method or level of Assessments to be levied upon the Property and the other properties as may be appropriate, taking into account the different nature or amount of services to be rendered to the owners thereof by the surviving or consolidated association. No such merger or consolidation, however, shall affect any revocation, change, or addition to the covenants established by this Declaration, except as expressly adopted in accordance with the terms hereof.

ARTICLE VII. BOARD OF DIRECTORS

The affairs of this Association shall be managed by a Board of Directors, who shall be Members of the Association, provided, however, that until Turnover, the Directors need not be Members of the Association. The number of Directors of the Association shall be not less than three (3) nor more than seven (7).

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Until Turnover, the Board shall consist of Directors appointed by the Class B Member who shall serve until the Class B Member no longer has the right to appoint any Directors.

At the first annual meeting after Turnover, the Class A Members shall elect one-third (1/3) of the Directors to be elected by the Class A Members for a term of one (1) year, one-third (1/3) of the Directors to be elected by the Class A Members for a term of two (2) years and one-third (1/3) of the Directors to be elected by the Class A Members for a term of three (3) years (should the membership of the Board not be divisible by three, then the classes of directors should be made as nearly equal as possible); at each annual meeting thereafter, the Members shall elect the Directors to be elected by the Class A Members for terms of three (3) years. Provided however, for so long as the Class B Member has the right to appoint the minority of the Directors or at least one Director, the Class B Member shall appoint and replace such persons at its sole discretion. Any vacancy on the Board of Directors which is not subject to appointment by the Class B Member shall be filled for the unexpired term of the vacated office by the remaining Directors.

ARTICLE VIII. TERM OF EXISTENCE

This corporation shall have perpetual existence unless sooner dissolved in accordance with the provisions herein contained or in accordance with the laws of the State of Florida. The date on which corporate existence shall begin is the date on which these Articles of Incorporation are filed with the Secretary of State of the State of Florida.

ARTICLE IX. DISSOLUTION

The Association may be dissolved with the assent given in writing and signed by not less than seventy-five percent (75%) of the votes of each class of Members entitled to be cast in accordance with the provisions of the Declaration. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created, or for the general welfare of the residents of the county in which the Property is located. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization to be devoted to similar purposes. Notwithstanding the foregoing, in the event of termination, dissolution or final liquidation of the Association, the responsibility of the Stormwater Management System shall be transferred to and accepted by an entity which will comply with Section 40C-42.027, F.A.C., and be approved by SJRWMD prior to such termination, dissolution or liquidation.

ARTICLE X. OFFICERS

Subject to the direction of the Board of Directors, the affairs of this Association shall be administered by its officers, as designated in the Bylaws of this Association. Said officers shall be elected annually by the Board of Directors.

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ARTICLE XI. BYLAWS

The Bylaws of this Association shall be adopted by the first Board of Directors, which Bylaws may be altered, amended, modified or repealed in the manner set forth in the Bylaws.

ARTICLE XII. AMENDMENTS

Until Turnover, Developer reserves the exclusive right to amend or repeal any of the provisions of these Articles of Incorporation or any amendments hereto without the consent of any Class A Member or Mortgagee. Thereafter, the Association shall have the right to amend or repeal any of the provisions contained in these Articles or any amendments hereto, provided, however, that any such amendment shall require the assent of Members holding seventy-five percent (75%) of the votes and provided, further, that no amendment shall conflict with any provisions of the Declaration. After Turnover, the consent of any Mortgagees shall be required for any amendment to these Articles which impairs the rights, priorities, remedies or interest of such Mortgagees, and such consent shall be obtained in accordance with the terms and conditions, and subject to the time limitations, set forth in the Declaration. Amendments to these Articles need only be filed with the Secretary of State and do not need to be recorded in the public records of the County.

ARTICLE XIII. INDEMNIFICATION

This Association shall indemnify any and all of its directors, officers, employees or agents, or former directors permitted by law. Said indemnification shall include, but not be limited to, the expenses, including the cost of any judgments, fines, settlements and counsel's fees, actually and necessarily paid or incurred in connection with any action, suit or proceeding, whether civil, criminal, administrative or investigative, and any appeals thereof, to which any such person or his legal representative may be made a party or may be threatened to be made a party by reason of his being or having been a director, officer, employee or agent, as herein provided. The foregoing right of indemnification shall not be inclusive of any other rights to which any such person may be entitled as a matter of law or which he may be lawfully granted. It shall be the obligation of the Association to obtain and keep in force a policy of officers' and directors' liability insurance.

ARTICLE XIV. FHA/VA PROVISIONS

Until Turnover, the annexation of additional properties, the mortgaging of any part of the Common Property, any amendment to these Articles of Incorporation, the merger or consolidation of the Association with other property owners associations, and the dissolution of the Association shall require the prior written approval of the Federal Home Administration ("FHA") or the Veterans Administration ("VA") in accordance with the regulations of the U.S. Department of Housing and Urban Development, if the FHA or VA is the insurer of any Mortgage encumbering any Lot within the Property.

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ARTICLE XV. INCORPORATOR

The name and address of the Incorporator of the corporation is:

F. Hood Craddock
33 East Wall Street
Frostproof, Florida 33843

IN WITNESS WHEREOF, for the purpose of forming this Association under the laws of the State of Florida, the undersigned has executed these Articles of Incorporation this 17th day of December, 2002.

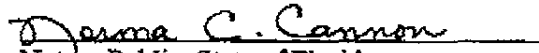
Incorporator:


F. Hood Craddock

STATE OF FLORIDA
COUNTY OF Polk

The foregoing instrument was acknowledged before me this 17th day of December, 2002, by F. Hood Craddock, who is personally known to me.

NORMA C. CANNON
Notary Public, State of Florida
My Commission Expires March 28, 2003
Commission No. CC821339


Notary Public, State of Florida
Print Name: NORMA C. CANNON
My Commission Expires:

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TALLAHASSEE, FLORIDA

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**CERTIFICATE OF DESIGNATION OF 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:

Lost Lake Residential Property Owners Association, Inc., desiring to organize or qualify under the laws of the State of Florida, with its principal place of business in the County of Polk, State of Florida, has named F. Hood Craddock whose address is 33 East Wall Street, Frostproof, Florida 33843, as its agent to accept service of process within Florida.



F. Hood Craddock, Incorporator

Date: December 11, 2002

Having been named to accept service of process for the above stated corporation, at the place designated in the certificate, I 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.



F. Hood Craddock

Date: December 11, 2002