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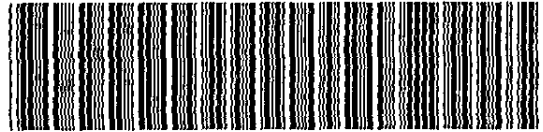
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2005 DEC -5 PM 3:27
CLERK OF STATE
TALLAHASSEE FLORIDA

12/7/05

TRANSMITTAL LETTER

2005 DEC -5 PM 3:28

Department of State
Division of Corporations
P. O. Box 6327
Tallahassee, FL 32314

STATE
TALLAHASSEE FLORIDA

SUBJECT: PALM COAST RESORT CONDOMINIUM ASSOCIATION, INC.
(PROPOSED CORPORATE NAME - MUST INCLUDE SUFFIX)

Enclosed is an original and one(1) copy of the Articles of Incorporation and a check for :

☐ \$70.00
Filing Fee

☒ \$78.75
Filing Fee &
Certificate of
Status

☐ \$78.75
Filing Fee
& Certified Copy

☐ \$87.50
Filing Fee,
Certified Copy
& Certificate

ADDITIONAL COPY REQUIRED

FROM:

Ann E. DROBOT
Name (Printed or typed)

CENTEX DESTINATION PROPERTIES
1064 GREENWOOD BLVD, STE. 200
Address

LAKE MARY FL 32746
City, State & Zip

(407) 585-7325
Daytime Telephone number

NOTE: Please provide the original and one copy of the articles.

**ARTICLES OF INCORPORATION
OF
PALM COAST RESORT
CONDOMINIUM ASSOCIATION, INC.
(A Florida Corporation Not for Profit)**

2005 DEC -5 PM 3:28

CLERK OF STATE
TALLAHASSEE FLORIDA

In order to form a corporation not for profit, under and in accordance with Chapter 617 of the Florida Statutes, I, the undersigned, hereby incorporate this corporation not for profit, for the purposes and with the powers hereinafter set forth and to that end, I do, by these Articles of Incorporation, certify as follows:

The terms contained in these "Articles" are defined in the Condominium Act, Chapter 718, Florida Statutes ("Act"), as amended through the date of recording the Declaration among the Public Records of Flagler County, Florida, and shall have the meaning of such terms set forth in such Act, and, for clarification, the following terms will have the following meanings:

A. "Act" means the Condominium Act, Chapter 718, Florida Statutes, as amended through the date of recording the Declaration in the Public Records.

B. "Articles" means these Articles of Incorporation of the Association.

C. "Assessments" means the share of funds required for the payment of "Annual Assessments," "Special Assessments" and "Benefited Assessments" (as such terms are defined in the Declaration) which from time to time are assessed against an Owner.

D. "Association" means Palm Coast Resort Condominium Association, Inc., a Florida corporation not for profit, responsible for operating the Condominium.

E. "Association Property" means that property, real and personal, which is owned or leased by the Association for the benefit of its Members.

F. "Board" means the Board of Directors of the Association.

G. "Bylaws" means the Bylaws of the Association.

H. "Common Elements" means and includes, without limitation:

(i) the Condominium Property, other than the Units;

(ii) easements through the Units, as applicable, for conduit ducts, plumbing, wiring and other facilities for furnishing of utility services to the Units and the Common Elements;

(iii) an easement of support in every portion of a Unit which contributes to the support of a building submitted to condominium ownership;

(iv) Property and installations required for the furnishing of utility services and other services for more than one Unit, the

Common Elements, or a Unit other than the Unit containing the installation; and

(v) Other portions of the Land, when, as and if same are submitted to condominium ownership and designated as Common Elements.

I. "Common Expenses" means expenses for which the Unit Owners are liable to the Association as defined in the Act and as described in the Condominium Documents including but not limited to:

- (i) the expenses for the operation, maintenance, repair, replacement and/or insurance of the Common Elements, costs of carrying out the powers and duties of the Association pursuant to the Act and the Condominium Documents, the cost of fire and extended coverage insurance; and
- (ii) any other expenses designated, not inconsistent with the Act, as Common Expenses from time to time by the Board.

J. "Common Surplus" means the excess of receipts of the Association collected on behalf of the Condominium (including, but not limited to, assessments, rents, profits and revenues, on account of the Common Elements) over the Common Expenses.

K. "Condominium" means the condominium being developed by Developer pursuant to the Declaration, and which is intended to be comprised of one hundred sixty-nine (169) Units and Common Elements.

L. "Condominium Documents" means in the aggregate the Declaration, these Articles, the Bylaws, any rules or regulations promulgated by the Association and all of the instruments and documents referred to therein and executed in connection with the Condominium or any other Resort Condominium, as such term is defined in the Bylaws.

M. "Condominium Property" or "Condominium" means the real property submitted to condominium ownership pursuant to the Declaration and any amendment or amendments thereto and all improvements thereon, subject to any and all easements associated therewith, including, but not limited to, the Units and Common Elements and all easements intended for use in connection with the Condominium, all as more particularly described in the Declaration.

N. "County" means Flagler County, Florida.

O. "Declaration" means the Declaration of Condominium by which Palm Coast Resort, a Condominium is submitted by Developer to the condominium form of ownership in accordance with the Act.

P. "Developer" means Centex Homes, a Nevada general partnership, d/b/a Centex Destination Properties, its successors, grantees and assigns. A Unit Owner shall not, solely by the purchase of a Unit, be deemed a successor or assign of Developer or of the rights of Developer under the Condominium Documents unless such Unit Owner is specifically so designated as a successor or assign of such rights in the instrument of conveyance or any other instrument executed by Developer.

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

R. "Member" means a member or members of the Association.

S. "Palm Coast Resort" means the master planned resort development which is currently being developed by Developer and which is intended to include the Condominium, recreational facilities, additional condominiums, and/or single family lots and commercial facilities and commonly known and referred to as Palm Coast Resort.

T. "Phase" means those portions of the real property within Palm Coast Resort and improvements thereon which, as contemplated by Section 718.403 of the Act, may become part of the Condominium Property by the recording of a Declaration or an amendment thereto.

U. "Public Records" means the Public Records of the County.

V. "Surface Water or Storm Water Management System" means a system located within Palm Coast Resort, which is designed and constructed, or implemented, to control discharges which are necessitated by rainfall events, incorporating methods to collect, convey, store, absorb, inhibit, treat, use or reuse water to prevent or reduce flooding, over drainage, environmental degradation, and water pollution or otherwise affect the quantity and quality of discharges.

W. "Unit" means "unit" as described in the Act and is that portion of the Condominium Property which is subject to exclusive ownership, and includes Other Units (as defined in the Declaration) if applicable.

X. "Unit Owner" means "unit owner" as defined in the Act and is the owner of a Unit, and includes "Other Unit Owners" (as defined in the Declaration) as applicable.

Y. "Voting Certificate" means "voting certificate" as defined in the Act and is the document which designates one (1) of the record title owners, or the corporate, partnership or entity representative who is authorized to vote on behalf of a Unit owned by more than one (1) owner or by any entity.

Z. "Voting Interests" means "voting interests" as defined in the Act and are the voting rights distributed to Members pursuant to the Declaration.

ARTICLE I NAME, PRINCIPAL AND MAILING ADDRESS

The name of this corporation not for profit shall be PALM COAST RESORT CONDOMINIUM ASSOCIATION, INC., whose initial principal and mailing address is 1064 Greenwood Boulevard, Suite 200, Lake Mary, Florida 32746. For convenience, the corporation shall be referred to in this instrument as the "Association."

ARTICLE II PLAN OF DEVELOPMENT AND PURPOSE OF ASSOCIATION

A. Developer intends to develop the Condominium as a "phase condominium" as contemplated by Section 718.403 of the Act.

B. If Developer does not submit all Phases described in the Declaration to the Condominium, then Developer may develop the land of any such Phases(s) not made a part thereof as another condominium or condominium(s) to be administered by the Association or by another condominium association.

C. 1. The Association shall be responsible for the operation of the Condominium. The Association may also, at the discretion of the Developer, be responsible for the operation of any other condominium or condominiums the Developer may develop within the Palm Coast Resort community, subject to the terms and restrictions of the Condominium Documents; however, Developer reserves the right to incorporate additional association(s) if more than one (1) condominium is created within Palm Coast Resort. Each Unit Owner shall be a Member of the Association as provided in these Articles.

2. The purpose for which this Association is organized is to maintain, operate and manage the Condominium and the Association Property, which may include, but shall not be limited to, the Surface Water or Storm Water Management System, and to own portions of, operate, lease, sell, trade and otherwise deal with certain of the improvements located therein now or in the future, all in accordance with the plan set forth in the Condominium Documents and all other lawful purposes.

ARTICLE III POWERS

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

A. The Association shall have all of the common law and statutory powers of a corporation not for profit, which are not in conflict with the terms of the Condominium Documents or the Act.

B. The Association shall have all of the powers to be granted to the Association in the Condominium Documents. All provisions of the Declaration and Bylaws which grant powers to the Association are incorporated into these Articles, including, but not limited to, the operation, maintenance, management, repair and replacement of the Condominium, the Association Property and the Common Elements and the levying and collection of assessments and the promulgation and enforcement of rules and regulations.

C. Except as provided in the Master Declaration (as defined in the Declaration), the Association shall operate, maintain and manage the Surface Water or Storm Water Management System contained within the Condominium Property or Association Property in a manner consistent with the requirements of the permit issued by St. Johns River Water Management District ("District") and applicable District rules and shall assist in the enforcement of the Declaration which relate to the Surface Water or Storm Water Management System. To the extent that the Association provides such maintenance and operation, the Association shall levy and collect adequate assessments against Unit Owners for the costs of maintenance and operation of the Surface Water or Storm Water Management System.

D. The Association shall have all of the powers of a Condominium Association under the Act and shall have all powers reasonably necessary or desirable to perform the obligations and to exercise the rights and powers set out in these Articles, the Bylaws, and the Declaration, including, without limitation, the following:

1. To establish, levy, collect, and enforce payment of, by any lawful means, all charges or Assessments authorized by the Declaration, to pay all expenses in connection therewith and all administrative and other expenses incident to the conduct of the business of the Association including, without limitation, all licenses, taxes, or governmental charges levied or imposed against the Association;

2. To manage, control, operate, alter, maintain, repair, improve, and replace the Common Elements and Association Property, and any property acquired by the Association, or any property owned by another for which the Association, by law, rule, regulation, declaration, or agreement, has a right or duty to provide such services;

3. To make, establish and enforce rules and regulations and to enforce covenants, conditions, or restrictions affecting any property within the Condominium or use of such property to the extent the Association may be authorized to do so under the Condominium Documents or the Act;

4. To engage in activities which will actively foster, promote, and advance the common interests of all Unit Owners within the Condominium subject to the Declaration;

5. To buy, or otherwise acquire, sell, dedicate for public use, or otherwise dispose of, mortgage, or otherwise encumber, exchange, lease, own, hold, use, operate, grant easements and otherwise deal in and with, real and personal property of all kinds and any right or interest therein for any purpose of the Association;

6. To borrow money for any purpose subject to such limitations as may be contained in the Condominium Documents or the Act;

7. To enter into, make, perform, and enforce agreements of every kind and description, and to do all other acts necessary, appropriate, or advisable in carrying out any purpose of the Association, with or in association with any other corporation, or other entity or agency, public or private;

8. To provide any and all services to the Condominium as may be necessary or desirable;

9. To employ personnel, retain independent contractors and professional personnel and to enter into service contracts to provide for the maintenance, operation and management of the Condominium Property and Association Property and to enter into any other agreements consistent with the purposes of the Association including, but not limited to, agreements as to the management of the Condominium Property and Association Property and agreements to acquire possessory or use interests in real property and to provide therein that the expenses of said real property and any improvements thereon, including taxes, insurance, utility expenses, maintenance and repairs, are Common Expenses of the Condominium;

10. To enforce by legal means the provisions of the Condominium Documents and the Act; and

11. To purchase real and/or personal property as determined by the Association in compliance with the Condominium Documents.

The foregoing enumeration of powers shall not limit or restrict in any manner the exercise of other and further rights and powers which may now or hereafter be allowed or permitted by law; and the powers specified in each of the paragraphs of this Article are independent powers, not to be restricted by reference to or inference from the terms of any other paragraph or provision of this Article.

ARTICLE IV MEMBERS

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

A. Until such time as the Condominium is submitted to condominium ownership by the recordation of the Declaration, the membership of the Association shall be comprised solely of the members of the "First Board" (as defined in Article IX hereof).

B. Once the Condominium is submitted to condominium ownership by the recordation of the Declaration, the Unit Owners, which shall mean in the first instance Developer as the owner of all the Units, shall be entitled to exercise all of the rights and privileges of the Members.

C. Except as set forth above, membership in the Association shall be established by the acquisition of ownership of fee title to a Unit as evidenced by the recording of a deed or other instrument of conveyance among the Public Records whereupon the membership of the prior Unit Owner shall terminate as to that Unit. Where title to a Unit is acquired from a party other than Developer, the person, persons, corporation or other legal entity thereby acquiring such Unit, shall not be a Member unless and until such acquisition is in compliance with the provisions of the applicable Condominium Documents. New Members shall deliver to the Association a true copy of the deed or other instrument of acquisition of title to the Unit.

D. No Member may assign, hypothecate or transfer in any manner his or her membership or his or her share in the funds and assets of the Association except as an appurtenance to his or her Unit.

Change of a Unit Owner's membership in the Association shall be established by recording in the Public Records a deed or other instrument establishing record title to a Unit. Upon such recordation, the Unit Owner designated by such instrument shall become a Member of the Association and the membership of the prior Unit Owner shall terminate.

E. If an additional Palm Coast Resort condominium or condominiums are submitted to condominium ownership and is to be administered by the Association, membership in the Association shall be divided into classes ("Class Members") with Unit Owners in each Palm Coast Resort condominium constituting a class. If one or more additional Palm Coast Resort condominiums are submitted to condominium ownership and administered by the Association, the Unit Owners thereof who are Members of the Association shall also be Class Members as to each additional condominium.

F. With respect to voting, the following provisions shall apply:

1. Either the membership as a whole shall vote or the Class Members shall vote, which determination shall be made in accordance with subparagraphs F.2 and F.3 below. In any event, however, each Unit shall be entitled to one (1) vote, which vote(s) shall be exercised and cast in accordance with the Declaration of Condominium applicable to such Class Member. In the event there is more than one (1) owner with respect to a Unit as a result of the fee interest in such Unit being held by more than one (1) person or entity, such owners collectively shall be entitled to one (1) vote for each Unit owned in the manner determined by the Declaration.

2. In matters that require a vote, voting shall take place as follows:

a. Matters substantially pertaining to a particular Palm Coast Resort condominium or any combination of Palm Coast Resort condominiums shall be voted upon only by the Class Members of the applicable Palm Coast Resort condominium(s) and shall be determined by a vote of the majority of such Class Members at any meeting having a proper quorum (as determined in accordance with the Bylaws); and

b. Matters substantially pertaining to all of the Palm Coast Resort condominiums or the Association as a whole shall be voted on by the membership and shall be determined by a vote of the majority of the membership in attendance at any meeting having a quorum (as determined in accordance with the Bylaws).

3. Any decision as to whether a matter substantially pertains to a particular Palm Coast Resort condominium or any combination of or all Palm Coast Resort condominiums or to the Association as a whole, for purposes of voting, shall be determined solely by the Board. Notwithstanding the foregoing, no action or resolution affecting a Palm Coast Resort condominium or any combination of Palm Coast Resort condominiums which the Board determines requires the vote of the Members as a whole shall be effective with regard to a Palm Coast Resort condominium unless the Class Members of the particular Palm Coast Resort condominium or any combination of Palm Coast Resort condominiums so affected shall be given the opportunity to vote on said action or resolution as a class or classes.

4. The membership shall be entitled to elect the Board as provided in Article X of these Articles.

5. Notwithstanding any other provisions of these Articles, on matters which require voting by the Members, or Class of Members, if the question is one upon which, by express provisions of the Act or the Condominium Documents (in accordance with the Act), requires a vote of other than a majority vote of a quorum, then such express provision shall govern and control the required vote on the decision of such question.

ARTICLE V TERM

Existence of the Association shall commence with the filing of these Articles in the Public Records. The Association shall exist in perpetuity.

ARTICLE VI INCORPORATOR

The name and address of the Incorporator of these Articles are as follows: Linda Newman, 1064 Greenwood Blvd., Suite 200, Lake Mary, Florida 32746.

ARTICLE VII OFFICERS

A. The affairs of the Association shall be managed by a President, one (1) or several Vice Presidents, a Secretary and a Treasurer and, if elected by the Board, an Assistant Secretary and an Assistant Treasurer, which officers shall be subject to the directions of the Board. The Board may employ a managing agent and/or such other managerial and supervisory personnel or entities as it deems necessary to administer or assist in the administration of the operation or management of the Association and Developer shall have the right to be reimbursed for expenses incurred by Developer on behalf of the Association in managing the Association.

B. The Board shall elect the President, the Vice President, the Secretary, and the Treasurer, and as many other Vice Presidents, Assistant Secretaries and Assistant Treasurers as the Board shall from time to time determine appropriate. Such officers shall be elected annually by the Board at the first meeting of the Board following the "Annual Members Meeting" (as described in the Bylaws); provided, however, such officers may be removed by such Board or the Members and other persons may be elected by the Board as such

officers in the manner provided in the Bylaws. The President shall be a Director of the Association, 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, the offices of President and Vice President shall not be held by the same person, nor shall the same person hold the office of President who holds the office of Secretary or Assistant Secretary.

ARTICLE VIII FIRST OFFICERS

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

President	Lyndi Freund
Vice President	Cecil J. Zachary
Secretary/Treasurer	Linda Newman

ARTICLE IX BOARD OF DIRECTORS

A. The number of Directors on the first Board of Directors ("First Board"), the "Initial Elected Board" (as hereinafter defined) and all Boards elected prior to the Annual Members Meeting following the "Developer's Resignation Event" (as hereinafter defined) shall be no less than three (3) nor more than seven (7). The number of Directors elected by the Members subsequent to the Developer's Resignation Event shall be as provided in Paragraph K of this Article. Except for Developer-appointed Directors, Directors must be Members or the spouses, parents or adult children of Members except that if a Unit is owned by an entity and not an individual, such entity may appoint an individual on its behalf to be eligible to serve on the Board of Directors.

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

<u>NAME</u>	<u>ADDRESS</u>
Lyndi Freund	1064 Greenwood Blvd., Ste. 200 Lake Mary, FL 32746
Cecil J. Zachary	1064 Greenwood Blvd., Ste. 200 Lake Mary, FL 32746
Linda Newman	1064 Greenwood Blvd., Ste. 200 Lake Mary, FL 32746

Developer reserves the right to designate successor Directors to serve on the First Board for so long as the First Board is to serve, as hereinafter provided. Developer reserves the right to remove any Director from the First Board and the right to remove any Director designated by Developer in accordance with these Articles.

C. Upon the conveyance by Developer to Unit Owners other than Developer of fifteen percent (15%) or more of the Total Units (as evidenced by the recordation of deeds), including Other Units (as defined in the Declaration), the Members shall be entitled to elect one-third (1/3) of the Board, which election shall

take place at the "Initial Election Meeting." Developer shall designate the remaining Directors on the Board at the Initial Election Meeting. The Director to be so elected by the Members and the remaining Directors to be designated by Developer are hereinafter collectively referred to as the "Initial Elected Board" and shall succeed the First Board upon their election and qualification. Subject to the provisions of Paragraph D of this Article, the Initial Elected Board shall serve until the next Annual Members Meeting, whereupon, the Directors shall be designated and elected in the same manner as the Initial Elected Board. The Directors shall continue to be so designated and elected at each subsequent Annual Members Meeting until such time as the Members are entitled to elect not less than a majority of the Directors on the Board. Developer reserves the right, until such time as the Members are entitled to elect not less than a majority of the Directors on the Board, to designate successor Directors to fill any vacancies caused by the resignation or removal of Directors designated by Developer pursuant to this Paragraph C.

The term "Total Units" means the sum of the number of Units in the Condominium and any Other Units constructed on the property originally contemplated to be included in the Condominium but subsequently submitted to a separate Resort Condominium.

D. Members are entitled to elect not less than a majority of the Board upon the happening of any of certain events.

1. Members other than the Declarant are entitled to elect not less than a majority of the Board upon the occurrence of any of the following, whichever shall first occur (reciting the provisions of Sections 718.301(1)(a) - (e), of the Act, as required by Rule 61B-17.0012, of the Florida Administrative Code):

a. Three (3) years after fifty percent (50%) of the Total Units have been conveyed to purchasers;

b. Three (3) months after ninety percent (90%) of the Total Units have been conveyed to purchasers;

c. When all the Total Units have been completed, some of them have been conveyed to purchasers and none of the others are being offered for sale by the Developer in the ordinary course or business;

d. When some of the Total Units have been conveyed to purchasers and none of the others are being constructed or offered for sale by the Developer in the ordinary course of business; or

e. Seven (7) years after recordation of the Declaration, or in the case of an association which may ultimately operate more than one condominium, seven (7) years after recordation of the declaration for the first condominium it operates, or in the case of an association operating a phase condominium created pursuant to Section 718.403 of the Act, seven (7) years after recordation of the declaration creating the initial phase, whichever occurs first. The Developer is entitled to elect at least one (1) member of the Board as long as the Developer holds for sale in the ordinary course of business at least 5 percent (5%) of the units in condominiums with fewer than five hundred (500) units and 2 percent (2%) of the units in condominiums with more than five hundred (500) units in a condominium operated by the Association.

Following the time the Developer relinquishes control of the Association, the Developer may exercise the right to vote any developer-owned units in the same manner as any other unit owner except for purposes of reacquiring control of the Association or selecting a majority of the members of the Board.

2. Notwithstanding the above Paragraph D.1, Developer shall have the right at any time, upon written notice to the Association, to relinquish its right to designate a majority of the Board.

E. The election of not less than a majority of Directors by the Members shall occur at a meeting of the membership to be called by the Board for such purpose ("Majority Election Meeting").

F. At the Majority Election Meeting, Members shall elect two (2) Directors and Developer, until the Developer's Resignation Event, shall be entitled to designate one (1) Director. Developer reserves the right, until the Developer's Resignation Event, to name the successor, if any, to any Director it has so designated; provided, however, Developer shall in any event be entitled to exercise any right it may have to representation on the Board as granted by law, notwithstanding the occurrence of the Developer's Resignation Event.

G. At the first Annual Members Meeting held after the Majority Election Meeting, a "staggered" term of office of the Board shall be created as follows:

1. A number equal to fifty percent (50%) of the total number of Directors rounded to the nearest or next whole number is the number of Directors whose term of office shall be established at two (2) years and the Directors serving for a two (2) year term will be the Directors receiving the most votes at the meeting; and

2. The remaining Directors' terms of office shall be established at one (1) year.

At each Annual Members Meeting thereafter, as many Directors of the Association shall be elected as there are Directors whose regular term of office expires at such time and the term of office of the Directors so elected shall be for two (2) years, expiring when their successors are duly elected and qualified.

H. The Board shall continue to be elected by the Members subject to Developer's right to appoint a member to the Board as specified in the Act at each subsequent Annual Members Meeting until Developer is no longer entitled to appoint a member to the Board.

I. The Initial Election Meeting and the Majority Election Meeting shall be called by the Association, through its Board, within seventy-five (75) days after the Members are entitled to elect a Director or the majority of Directors, as the case may be. A notice of the election shall be forwarded to all Members in accordance with the Bylaws; provided, however, the Members shall be given at least sixty (60) days notice of such election. The notice shall also specify the number of Directors that shall be elected by the Members and the remaining number of Directors designated by Developer.

J. Developer shall cause all of its designated Directors to resign when Developer no longer holds at least five percent (5%) of the sum of the Total Units for sale in the ordinary course of business. In addition, Developer may at any time, in its sole discretion, cause the voluntary resignation of all of the Directors designated by it. The happening of either such event is herein referred to as the "Developer's Resignation Event." Upon the Developer's Resignation Event, the Directors elected by Members shall elect successor Directors to fill the vacancies caused by the resignation or removal of the Developer's designated Directors. These successor Directors shall serve until the next Annual Members Meeting and until their successors are elected and qualified; provided, however, nothing herein contained shall be deemed to waive any right to representation on the Board which Developer may have pursuant to the Act. Developer specifically reserves the right to assert any right to representation on the Board it may have pursuant to the Act, notwithstanding that the Developer's Resignation Event may have previously occurred.

K. At each Annual Members Meeting held subsequent to the year in which the Developer's Resignation Event occurs, the number of Directors to be elected shall be determined by the Board from time to time, but there shall be no less than three (3) or more than seven (7) Directors.

L. The following provisions shall govern the right of each Director to vote and the manner of exercising such right:

1. There shall be only one (1) vote for each Director.
2. All of the Directors shall vote as one (1) body, without distinction as to class, on matters which pertain to the Association, the Association Property or all Resort Condominiums.
3. In the case of deadlock by the Board, application shall be made to a court of competent jurisdiction to resolve the deadlock.

ARTICLE X POWERS AND DUTIES OF THE BOARD OF DIRECTORS

All of the powers and duties of the Association shall be exercised by the Board in accordance with the provisions of the Act and the Condominium Documents, where applicable, and shall include, but not be limited to, the following:

- A. Making and collecting Assessments against Members to defray the costs of the Common Expenses;
- B. Using the proceeds of Assessments in the exercise of the powers and duties of the Association and the Board;
- C. Maintaining, repairing and operating the improvements within the Condominium;
- D. Reconstructing improvements after casualties and losses and making further authorized improvements within the Condominium;
- E. Making and amending rules and regulations with respect to all Palm Coast Resort condominiums administered by the Association and for the Association Property;
- F. Contracting for the management and maintenance of the Condominium and Association Property authorizing a management agent to assist the Association in carrying out its powers and duties by performing such functions as the submission of proposals, collection of Assessments, preparation of records, enforcement of rules and maintenance, repair and replacement of improvements or portions thereof for which the Association has such responsibility and other services with funds that shall be made available by the Association for such purposes and terminating such contracts and authorizations. 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 regulations and execution of contracts on behalf of the Association;
- G. Paying taxes and Assessments which are or may become liens against the Common Elements of any Palm Coast Resort condominium administered by the Association and assessing the same against Units within such condominium, the Unit Owners of which are responsible for the payment thereof;

H. Purchasing and carrying insurance for the protection of Members and the Association against casualty and liability in accordance with the Act and the Condominium Documents and acquiring one insurance policy to insure the Condominium and Association Property and to allocate the premiums therefor in a fair and equitable manner;

I. Paying costs of all power, water, sewer and other utility services rendered to the Condominium and Association Property of any Palm Coast Resort condominium administered by the Association and not billed directly to Unit Owners;

J. Hiring and retaining such employees as are necessary to administer and carry out the services required for the proper administration and purposes of this Association and paying all salaries therefor;

K. Engaging in mandatory non-binding arbitration as provided for in Section 718.112(2)(a)2 of the Act for the settlement of disputes as provided for in Section 718.1255 of the Act. The provisions of Sections 718.112(2)(a)2 and 718.1255 of the Act are incorporated herein by this reference;

L. Preparing a question and answer sheet, if and as required by the Act and the rules promulgated in the Florida Administrative Code and updating the question and answer sheet at least annually;

M. Maintaining an adequate number of copies of the Condominium Documents as well as the question and answer sheet referred to in Paragraph X.L. above, on the Condominium to ensure their availability to Unit Owners and prospective purchasers. The Association may charge its actual costs for preparing and furnishing the foregoing to those requesting same;

N. Ensuring that the following contracts shall be in writing:

1. Any contract for the purchase, lease or renting of materials or equipment which is not to be fully performed within one (1) year from the date of execution of the contract; and

2. Any contract, regardless of term, for the provision of services, other than contracts with employees of the Association, and contracts for attorneys and accountant services, and any other service contracts exempted from the foregoing requirement by the Act or rules set forth in the Florida Administrative Code as they relate to condominiums.

P. Obtaining competitive bids for materials, equipment and services where required by the Act and rules set forth in the Florida Administrative Code as they relate to condominiums; and

Q. All other powers and duties reasonably necessary to operate and maintain all Palm Coast Resort condominiums administered by the Association in compliance with the Condominium Documents and the Act.

ARTICLE XI INDEMNIFICATION

A. Indemnity. The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, by reason of the fact that he or she is or was a Director, employee, officer, or agent of the Association. Such indemnification shall include indemnification against expenses (including, without limitation, reasonable attorneys' fees and appellate attorneys' fees), judgments, fines, and amounts paid in settlement, actually and reasonably incurred by the indemnified person in connection with such action, suit,

or proceeding, if such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interest of the Association, and, with respect to any criminal action or proceedings, such person had no reasonable cause to believe his or her conduct was unlawful. Notwithstanding the foregoing, no indemnification shall be made in respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable for gross negligence or misfeasance or malfeasance in the performance of his or her duty to the Association, unless, and then only to the extent that, the court in which such action or suit was brought shall determine upon application that despite the adjudication of liability, in view of all of the circumstances of the case, such person is fairly and reasonably entitled to indemnification for such expenses as such court shall deem proper. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interest of the Association, and with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful. Notwithstanding the foregoing, the Association need not indemnify the managing agent of the Condominium unless such indemnification is required to do so by the agreement between the Association and such managing agent, approved by the Board or required by law.

B. Approval. Any indemnification under Paragraph XI.A. above (unless ordered by a court) shall be made by the Association only as authorized in the specific case upon a determination that indemnification is proper under the circumstances because the person requesting indemnification has met the applicable standard of conduct set forth above. Such determination shall be made by majority vote of the Directors who were not party to such action, suit, or proceeding, if sufficient to constitute a quorum, or (ii) by a majority of the Members (inclusive of the Developer).

C. Advances. Expenses incurred in defending a civil or criminal action, suit, or proceeding may be paid by the Association in advance of the final disposition of such action, suit, or proceeding as authorized by the Board in any specific case upon receipt of a written agreement by or on behalf of the affected Director, officer, employee, or agent to repay such amount if it is ultimately determined that he or she is not entitled to be indemnified by the Association as authorized in this Article.

D. Miscellaneous. The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled by law, under the Bylaws, or pursuant to any agreement, vote of Members, or otherwise, and shall continue as to a person who has ceased to be a Director, officer, employee, or agent and shall inure to the benefit of the heirs and personal representatives of such person.

E. Insurance. The Association shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of the Association, including, without limitation, as a Director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Association would have the power to indemnify him or her against such liability under the provisions of this Article.

ARTICLE XII BYLAWS

The initial Bylaws shall be adopted by the First Board and thereafter may be altered, amended, rescinded or repealed in the manner provided in the Bylaws.

ARTICLE XIII AMENDMENTS

A. Prior to the recording of the Declaration among the Public Records, these Articles may be amended by an instrument in writing signed by the President (or a Vice President) and the Secretary (or an Assistant Secretary) and filed in the Office of the Secretary of State of Florida. The instrument amending these Articles shall identify the particular Article or Articles being amended, give the exact language of such amendment and give the date of adoption of the amendment by the Board. A certified copy of each such amendment shall always be attached to any certified copy of these Articles or a certified copy of the Articles as restated to include such Amendments and shall be an exhibit to each Declaration upon the recording of each Declaration. This Article is intended to comply with Chapter 617 of the Florida Statutes.

B. After the recording of the Declaration among the Public Records, these Articles may be amended in the following manner:

(1) The Board may amend these Articles without Member approval (a) for the purpose of bringing any provision into compliance with any applicable governmental statute, rule, regulation, or judicial determination; (b) to enable any reputable title insurance company to issue title insurance coverage on any portion of the Condominium Property; (c) to enable any institutional or governmental lender, purchaser, insurer or guarantor of Mortgage loans, including, for example, the U.S. Department of Veterans Affairs, the U.S. Department of Housing and Urban Development, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to make, purchase, insure or guarantee Mortgage loans on the Units; (d) to satisfy the requirements of any local, state or federal agency; or (e) to change the name of the Association. Such amendments may be adopted by the Board of Directors, with the written consent of the Developer for so long as Developer owns any portion of the Condominium or other property within Palm Coast Resort.

(2) Other amendments to the Articles may be adopted by the Board with the approval of at least two-thirds (2/3) of the Members and, so long as the Developer owns property within Palm Coast Resort, the written consent of the Developer, as follows:

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

(b) Written notice setting forth the proposed amendment or a summary of the changes to be effected thereby shall be given to each Member of record entitled to vote within the time and in the manner provided in the Bylaws for the giving of notice of Meetings of Members ("Required Notice");

(c) At such meeting a vote of the Members shall be taken on the proposed amendments. The proposed amendment shall be adopted upon receiving the affirmative vote of a majority of the votes of all Members entitled to vote thereon; or

(d) An amendment may be adopted by a written statement signed by all Directors and written consent of Members representing the Voting Interests sufficient to pass the amendment if the vote were to be taken at a meeting where all Members are present and setting forth their intention that an amendment to the Articles be adopted. Where an amendment is passed by written consent in lieu of meeting, those Members not submitting written consent shall be notified in writing of the passage thereof.

C. No amendment may be made to the Articles which shall in any manner reduce, amend, affect or modify the terms, conditions, provisions, rights and obligations set forth in the Declaration, unless the Declaration is also amended.

D. A copy of each amendment shall be certified by the Secretary of State of the State of Florida and, after the recordation of the Declaration, recorded among the Public Records as an amendment to the Declaration.

E. Notwithstanding the foregoing provisions of this Article there shall be no amendment to these Articles which shall abridge, amend or alter the rights of Developer, including, without limitation, the right to designate and select the Directors as provided in Article IX hereof, without the prior written consent thereto by Developer.

ARTICLE XIV EMERGENCY POWERS

The following shall apply to the extent not viewed to be in conflict with the Act:

A. During any Emergency (as defined in Paragraph E below) or in anticipation of an Emergency, the Board may:

1. Modify lines of succession to accommodate the incapacity of any Director, officer, agent or employee of the Association; and

2. Relocate the principal office of the Association or designate alternate principal offices or authorize officers to do so.

B. During any Emergency:

1. One or more officers of the Association present at a meeting of the Board may be deemed to be Directors for the meeting, in order of rank and within the same order of rank in order of seniority, as necessary to achieve a quorum; and

2. The Director or Directors in attendance at a meeting shall constitute a quorum.

C. Corporate action taken in good faith during an Emergency to further the ordinary affairs of the Association:

1. Binds the Association; and

2. May not be used to impose liability on a Director, officer, employee or agent of the Association.

D. A Director, officer or employee of the Association acting in accordance with any Emergency bylaws is only liable for willful misconduct.

E. An "Emergency" exists for the purposes of this Article if a quorum of the Directors cannot readily assemble because of a catastrophic event.

ARTICLE XV DISSOLUTION

The Association may be dissolved in accordance with the Declaration and Chapter 617 of the Florida Statute. In the event of dissolution, liquidation or winding up of the Association, subject to the Declaration, the Association's assets remaining after payment, or provisions of payment, of all known debts and liabilities of the Association shall be divided among and distributed to the Members thereof in accordance with their respective rights therein.

In the event of termination, dissolution or final liquidation of the Association, any of the Association's responsibility for the operation and maintenance of the Surface Water or Storm Water Management System must be transferred to and accepted by an entity which would comply with Section 40C-42.027, of the Florida Administrative Code, and be approved by the St. Johns River Water Management District prior to such termination, dissolution or liquidation.

ARTICLE XVI REGISTERED OFFICE AND REGISTERED AGENT

The street address of the initial registered office of the Association is 1064 Greenwood Boulevard, Suite 200, Lake Mary, Florida 32746, and the initial registered agent of the Association at that address shall be Ann E. Drobot.

[Signatures appear on the next page]

IN WITNESS WHEREOF, the Incorporator has hereunto affixed her signature, this ____ day of _____, 200__.


Linda Newman, Incorporator

The undersigned hereby accepts the designation of Registered Agent of Palm Coast Resort Condominium Association, Inc. as set forth in Article XVI of these Articles and acknowledges that she is familiar with, and accepts the obligations imposed upon registered agents under the Florida Not for Profit Corporation Act.


Linda Newman, Registered Agent

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