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WaterSound Community Association, Inc.

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WALTON COUNTY, FLORIDA
JALLAHASSEE FLORIDA

ARTICLES OF INCORPORATION
OF
WATERSOUND COMMUNITY ASSOCIATION, INC.
(A Florida Corporation Not-For-Profit)

The undersigned, by these Articles, associate themselves for the purpose of forming a corporation not-for-profit under Chapter 617, Florida Statutes, and certify as follows:

Article 1. Name. The name of the Corporation is WaterSound Community Association, Inc. For convenience, the Corporation shall be referred to in this instrument as the "Association."

Article 2. Address. The address of the principal office of the Association is 245 Riverside Avenue, Suite 500, Jacksonville, Florida 32202, and the mailing address of the Association 133-H South WaterSound Parkway, Panama City Beach, Florida 32413.

Article 3. Definitions. All capitalized terms used herein that are not defined shall have the meaning set forth in the Community Charter for WaterSound, recorded or to be recorded by St. Joe Timberland Company of Delaware, L.L.C., a Delaware limited liability company ("Founder"), in the public records of Walton County, Florida, as such Charter may be amended from time to time (the "Charter").

Article 4. Purposes. The Association does not contemplate pecuniary gain or benefit, direct or indirect, to its members. By way of explanation and not of limitation, the purposes for which the Association is organized are:

(a) to be and constitute the Association to which reference is made in the Charter, to perform all obligations and duties of the Association, and to exercise all rights and powers of the Association, as set forth in the Governing Documents and as provided by law; and

(b) to provide an entity for the furtherance of the interests of the owners of real property now and hereafter made subject to the Charter (such real property is referred to in these Articles as the "Community").

Article 5. Powers. In furtherance of its purposes, the Association shall have the following powers, which, unless indicated otherwise by the Charter or the Association's By-Laws, may be exercised by the Board of Directors:

(a) all of the powers conferred upon corporations not-for-profit by common law and Florida statutes in effect from time to time; and

(b) all of the powers necessary or desirable to perform the obligations and duties and to exercise the rights and powers set out in these Articles, the By-Laws, and the Charter, including, without limitation, the following:

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(i) to fix, levy, collect, and enforce payment of all charges or assessments authorized by the Charter by any lawful means; to pay all expenses in connection therewith and all administrative and other expenses incident to conducting the business of the Association including all licenses, taxes, or governmental charges levied or imposed against the property of the Association;

(ii) to manage, control, operate, maintain, repair, and improve the common areas and facilities, any property subsequently acquired by the Association, or any property owned by another for which the Association, by rule, regulation, declaration, or contract, has a right or duty to provide such services;

(iii) to make rules and regulations and to enforce covenants, conditions, or restrictions affecting any property to the extent the Association may be authorized to do so under the Charter or By-Laws;

(iv) to engage in activities that will actively foster, promote, and advance the common interests of all owners of property subject to the Charter;

(v) to buy or otherwise acquire, sell or otherwise dispose of, mortgage or otherwise encumber, exchange, lease, hold, use, operate, and otherwise deal in and with real, personal, and mixed property of all kinds and any right or interest therein for any purpose of the Association;

(vi) to borrow money for any purpose subject to such limitations as may be contained in the Charter and By-Laws;

(vii) to enter into, make, perform, and enforce contracts 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;

(viii) to act as agent, trustee, or other representative of other corporations, firms, or individuals, and as such to advance the business or ownership interests in such corporations, firms, or individuals;

(ix) to adopt, alter, and amend or repeal such By-Laws as may be necessary or desirable for the proper management of the Association's affairs; provided, any amendment is subject to Member approval as required in the By-Laws, and such By-Laws may not be inconsistent with or contrary to any provisions of the Charter; and

(x) to provide any and all supplemental municipal services to the Community as may be necessary or desirable.

The foregoing enumeration of powers shall not limit or restrict in any manner the exercise of other and further rights and powers that 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.

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Article 6. Members. The Association shall be a membership corporation without certificates or shares of stock. There shall be two classes of membership, as more fully set forth in the Charter. The Owner of each Unit, as those terms are defined in the Charter, shall be a member of the Association and shall be entitled to vote as provided in the Charter and the By-Laws. In addition, the Founder shall be a Member for such period as provided in the Charter, regardless of whether the Founder owns any Unit.

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

Article 7. Board of Directors. A Board of Directors shall conduct, manage, and control the Association's business affairs. The Board may delegate its operating authority to such companies, individuals, or committees as it, in its discretion, may determine.

The initial Board shall consist of three members. The names and addresses of the initial directors, who shall serve until their successors are elected and have qualified, or until removed, are as follows:

<u>Name:</u>	<u>Address:</u>
Greg Gardiner	133-E South WaterSound Parkway, Panama City Beach, FL 32413
Darrell White	133-E South WaterSound Parkway, Panama City Beach, FL 32413
Bill Cunningham	133-E South WaterSound Parkway, Panama City Beach, FL 32413

The method of election and removal, the method of filling vacancies, and the term of offices of directors shall be as set forth in the By-Laws.

Article 8. Liability of Directors. No director of the Association, including any director appointed by the Founder, shall be personally liable to the Association or its members for monetary damages for breach of duty of care or other duty as a director, 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 interests of the Association and, with respect to any criminal action or proceeding, had no reasonable cause to believe that such action was unlawful. The termination of any such action, suit, or proceeding by judgment, order, settlement, conviction, or a plea of nolo contendere or its equivalent shall not in and of itself create a presumption that the director did not act 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 or that he or she had reasonable cause to believe that his or her conduct was unlawful. No amendment to or repeal of this Article shall apply to or have any effect on the liability or alleged liability of any director for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal.

Article 9. Amendments. Until termination of the Founder Control Period, the Founder may unilaterally amend these Articles for any purpose. Thereafter, amendments to these Articles of Incorporation may be proposed and adopted upon a resolution duly adopted by the Board and the affirmative vote or written consent of Members representing at least 67% of the total votes in the Association. In addition, during the Development and Sale Period any amendment shall require the

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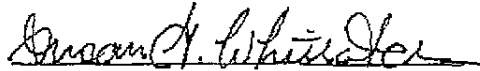
Founder's consent. No amendment may be in conflict with the Charter, and no amendment shall be effective to impair or dilute any rights of the Members granted under such Charter.

Article 10. Dissolution. The Association may be dissolved only as provided by Florida law. If the Association is dissolved, the net assets shall be conveyed to another Florida corporation not-for-profit with purposes similar to the Association.

Article 11. Incorporator. The name of the incorporator of the Association is Susan G. Whitlatch, and such incorporator's address is 245 Riverside Avenue, Suite 500, Jacksonville, Florida 32202.

Article 12. Registered Agent and Office. The initial registered office of the Association is 245 Riverside Avenue, Suite 500, Jacksonville, Florida 32202, and the initial registered agent at such address is Christine M. Marx.

IN WITNESS WHEREOF, the undersigned Incorporator has executed these Articles of Incorporation this 19 day of April, 2006.


Susan G. Whitlatch, Incorporator

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**CERTIFICATE OF DESIGNATION
REGISTERED AGENT/REGISTERED OFFICE**

Pursuant to the provisions of Section 617.0501, Florida Statutes, the undersigned Association, organized under the laws of the State of Florida, submits the following statement in designating the registered office/registered agent, in the State of Florida.

1. The name of the Association is:

WaterSound Community Association, Inc.

2. The name and address of the registered agent and office is:

Christine M. Marx
245 Riverside Avenue, Suite 500
Jacksonville, Florida 32202

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HAVING BEEN NAMED AS REGISTERED AGENT TO ACCEPT SERVICE OF PROCESS FOR THE ABOVE STATED ASSOCIATION AT THE PLACE DESIGNATED IN THIS CERTIFICATE, THE UNDERSIGNED IS FAMILIAR WITH, AND ACCEPTS THE APPLICABLE PORTIONS OF SECTION 6107.0501 OF THE FLORIDA STATUTES.

Signature


Christine M. Marx

Date:

April 19, 2006

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