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**ARTICLES OF INCORPORATION
OF
HAMMOCK BEACH RIVER CLUB PROPERTY OWNERS' ASSOCIATION, INC.
(A Florida Non-Profit Corporation)**

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

ARTICLE I

DEFINITIONS

The following words and phrases when used in these Articles of Incorporation (unless the context clearly reflects another meaning) shall have the following meanings:

1. "Articles" means these Articles of Incorporation and any amendments hereto.
2. "Assessments" means the assessments for which all Owners are obligated to the POA and includes "Individual Lot Assessments", "Special Assessments" (as such terms are defined in the CC&Rs), and any and all other assessments which are levied by the POA in accordance with the Hammock Beach Documents.
3. "Board" means the Board of Directors of the POA.
4. "Bylaws" means the Bylaws of the POA and any amendments thereto.
5. "CC&Rs" means the Declaration of Covenants, Conditions, and Restrictions for Hammock Beach River Club, which is intended to be recorded amongst the Public Records of the County, and any amendments thereto.
6. "Club Property Owner" shall mean the record holder of fee simple title or ground lessee of the Club Property (as defined in the CC&Rs).
7. "Committed Property" shall mean shall mean that certain real property described in Exhibit "A" to the CC&Rs and such additions thereto as may hereafter be brought within the jurisdiction of the CC&Rs and/or the POA; provided, however, Declarant reserves the right to withdraw from the provisions hereof, such portion or portions of the Committed Property as Declarant from time to time elects, upon the execution by Declarant of a Supplemental Declaration.
8. "County" means Flagler County, Florida.
9. "Declarant" means Hammock Beach River Club, LLC, a Georgia limited liability company, its successors and assigns, and any successor or assign to which Hammock Beach River Club, LLC, specifically assigns all or part of the rights of Declarant under the CC&Rs by

an express written assignment, whether recorded in the Public Records of the County or not. The written assignment may give notice as to which rights of Declarant are to be exercised and as to which portion of the Committed Property. In any event, any subsequent declarant shall not be liable for any default or obligations incurred by any prior declarant, except as may be expressly assumed by the subsequent declarant.

10. "Department" means the Florida Department of Business and Professional Regulation.

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

12. "Hammock Beach Documents" means, in the aggregate, the CC&Rs, these Articles, the Bylaws, the Plat, any Additional Plat, and all of the instruments and documents referred to or incorporated therein including, but not limited to, any "Amendment(s)", "Supplemental Declaration(s)" (as such terms are defined in the CC&Rs), and the "Utility Asset Transfer Agreement".

13. "Home" means a residential dwelling unit constructed within the Committed Property which is designed and intended for use and occupancy as a single-family residence.

14. "Lot" means and refers to any parcel of land within the Committed Property as shown on the Plat or any "Additional Plat" (as such term is defined in the CC&Rs) upon which a Home is permitted to be constructed, together with the improvements thereon and any portion of the Committed Property that is declared to be a Lot by a Supplemental Declaration and is not subsequently withdrawn from the provisions of the CC&Rs by a Supplemental Declaration. For purposes of Individual Lot Assessments, a Lot is either an Improved Lot or an Unimproved Lot.

15. "Member" means a member of the POA, as defined in Article V below.

16. "Operating Expenses" means the expenses for which Owners are liable to the POA as described in the Hammock Beach Documents and includes, but is not limited to, the costs and expenses incurred by the POA in administering, operating, maintaining, financing or repairing the POA Property or any portion thereof and Improvements thereon and all costs and expenses incurred by the POA in carrying out its powers and duties as set forth in the Hammock Beach Documents, and all costs and expenses incurred by the POA to provide water, wastewater and reclaimed/irrigation quality water services for the Members of the POA.

17. "Owner" means and refers to the record owner, whether one or more persons or entities, of the fee simple title to any Lot, and includes Declarant for so long as Declarant owns fee simple title to a Lot, but excluding therefrom those having such interest as security for the performance of an obligation.

18. "Plat" means the subdivision plat of Hammock Beach River Club which is to be recorded in the Public Records of the County. In the event an additional plat with respect to any other portions of the Committed Property is recorded among the Public Records of the County, then the term "Plat" as used herein shall also mean such additional plat.

19. "POA" means the Hammock Beach River Club Property Owners' Association, Inc., a Florida corporation not for profit.

20. "POA Property" means the property more particularly described in Article II of the CC&Rs.

21. "Utility Asset Transfer Agreement" means that certain Utility Asset Transfer Agreement by and between the POA and Flagler County, Florida, as amended from time-to-time.

Unless otherwise defined herein, the terms defined in the CC&Rs are incorporated herein by reference and shall appear in initial capital letters each time such terms appears in these Articles.

ARTICLE II

NAME

The name of this corporation shall be the HAMMOCK BEACH RIVER CLUB PROPERTY OWNERS' ASSOCIATION, INC., a Florida corporation not for profit, whose principal address and mailing address is One Hammock Beach Parkway, Palm Coast, Florida 32137.

ARTICLE III

PURPOSES

The purpose for which the POA is organized is to take title to, operate, administer, manage, lease and maintain the POA Property in accordance with the terms of, and purposes set forth in, the Hammock Beach Documents and to carry out the covenants and enforce the provisions of the Hammock Beach Documents.

ARTICLE IV

POWERS

The POA shall have the following powers and shall be governed by the following provisions:

A. The POA shall have all of the common law and statutory powers of a corporation not for profit.

B. The POA shall have all of the powers granted to the POA in the Hammock Beach Documents. All of the provisions of the CC&Rs and Bylaws which grant powers to the POA are incorporated into these Articles.

C. The POA shall have all of the powers reasonably necessary to implement the purposes of the POA, including, but not limited to, the following:

1. To perform any act required or contemplated by it under the Hammock Beach Documents.
2. To make, establish, amend and enforce reasonable rules and regulations governing the use of the POA Property and the Committed Property.
3. To make, levy and collect Assessments for the purpose of obtaining funds from its Members to pay Operating Expenses and other costs defined in the CC&Rs and costs of collection, and to use and expend the proceeds of Assessments in the exercise of the powers and duties of the POA. The POA shall levy and collect adequate assessments against Members for the costs of maintenance and operation of the Surface Water and Storm Water Management System, and the Water, Wastewater and Reclaimed Water System Property.
4. The POA shall operate, maintain and manage the Surface Water and Storm Water Management System in a manner consistent with the permits issued by St. Johns River Water Management District and the permits issued by the Florida Department of Environmental Protection, and successor permits, requirements and applicable rules, and shall assist in the enforcement of the CC&Rs provisions which relate to the Surface Water and Storm Water Management System.
5. The POA shall operate, maintain and manage the Utility Systems as defined in and pursuant to the requirements and limitations of the CC&Rs.
6. The POA, if required under the Utility Asset Transfer Agreement or otherwise, shall plan, concept, engineer, permit, construct, finance, start-up, operate, maintain and/or manage any or all of the Water, Wastewater and Reclaimed Water System Property and/or the Water, Wastewater and Reclaimed Water System as such terms are defined in and pursuant to the requirements and limitations of the CC&Rs. The Board may enter into and fulfill any and all obligations under bulk service agreements with the County or otherwise, as permitted by Law, for the provision of water, wastewater, and reclaimed/irrigation water services to properties outside the Committed Property.
7. The POA shall be responsible for compliance with any Consumptive Use Permit(s) specifically linked to the Committed Property issued by the St. Johns River Water Management District in matters regarding the consumptive use of water within and upon the Committed Property.
8. To maintain, repair, replace and operate the POA Property and, in some cases, Committed Property, in accordance with the Hammock Beach Documents.
9. To enforce by legal means the obligations of the Members and the provisions of the Hammock Beach Documents.
10. To employ personnel, retain independent contractors and professional personnel, and enter into service contracts to provide for the construction, maintenance, operation, administration and management of the POA Property and, in some cases, the Lots and Committed Property and to enter into any other agreements consistent with the purposes of the POA, including, but not limited to, agreements with respect to professional management of the

POA Property, Lots and Committed Property and to delegate to such professional manager certain powers and duties of the POA.

11. To enter into the CC&Rs and any amendments thereto and instruments referred to therein, including but not limited to the Utility Asset Transfer Agreement and any amendments thereto and instruments referred to therein.

12. To provide, to the extent deemed necessary by the Board, any and all services and do any and all things which are incidental to or in furtherance of things listed above or to carry out the POA mandate to keep and maintain the Committed Property in a proper and aesthetically pleasing condition and to provide the Owners with services, amenities, controls and enforcement which will enhance the quality of life in the Committed Property.

13. To acquire, purchase, lease, license, enter into contracts for, and otherwise provide, operate and maintain recreational amenities, recreation use rights and recreation memberships, within or outside the Committed Property, for or on behalf of the Members, the costs of which shall be Operating Expenses of the POA for which Owners will be assessed.

14. Through a majority vote of the Board, the Board may create new Class C Members (as hereinafter defined) of owners or lessees of real property within the Committed Property who are not otherwise Members as provided in this Section: Such Class C Members shall be Members for the sole purpose of the POA providing water, wastewater and reclaimed/irrigation water services to such Class C Members. The power of the Board to create Class C Members shall terminate upon the cessation of the membership of all Class C Members in the POA in accordance with Section V D.3.

15. Notwithstanding anything contained herein to the contrary, the POA shall be required to obtain the approval of three-fourths (3/4) of all Members (at a duly called meeting of the Members at which a quorum is present) prior to the engagement of legal counsel by the POA for the purpose of suing, or making, preparing or investigating any lawsuit, or commencing any lawsuit other than for the following purposes:

- (a) the collection of Assessments;
- (b) the collection of other charges which Owners are obligated to pay pursuant to the Hammock Beach Documents;
- (c) the enforcement of any applicable use and occupancy restrictions contained in the Hammock Beach Documents;
- (d) dealing with an emergency when waiting to obtain the approval of the Members creates a substantial risk of irreparable injury to the POA Property or to Member(s) (the imminent expiration of a statute of limitations shall not be deemed an emergency obviating the need for the requisite vote of three-fourths (3/4) of the Members); or
- (e) filing a compulsory counterclaim.

ARTICLE V

MEMBERS AND VOTING

The qualification of Members of the POA, 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 first deed of conveyance of a Lot from Declarant to an Owner is recorded amongst the Public Records of the County ("First Conveyance"), the membership of the POA shall be comprised solely of the Declarant. Declarant shall be entitled to cast one (1) vote on all matters requiring a vote of the membership.

B. Upon the First Conveyance, Declarant shall be a Member as to each of the remaining Lots until each such Lot is conveyed to another Owner, and thereupon and thereafter (i) each and every Owner, including Declarant as to Lots owned by Declarant, shall be a Member, and (ii) the Club Property Owner shall be a non-voting Member.

C. Membership in the POA for Owners other than Declarant and Class C Members, including but not limited to the Club Property Owner, shall be established by the acquisition of ownership of fee simple title to a Lot as evidenced by the recording of an instrument of conveyance amongst the Public Records of the County. Where title to a Lot is acquired by conveyance from a party other than Declarant by means of sale, gift, inheritance, devise, judicial decree or otherwise, the person, persons or entity thereby acquiring such Lot shall not be a Member unless or until such Owner shall deliver a true copy of a deed or other instrument of acquisition of title to the POA. The Club Property Owner shall be a Member of the POA by virtue of holding fee simple record title to or being the lessee under a ground lease of the Club Property.

D. The POA shall have three (3) classes of membership:

1. "Class A Members" shall be all Members, with the exception of Declarant while Declarant is a Class B Member and the Class C Members. The Class A Members and Class C Members shall be entitled to one (1) vote for each Lot owned.

2. "Class B Members" shall be Declarant, who shall be entitled to one (1) vote for each Lot owned by Declarant. Class B membership shall cease and be converted to Class A membership upon the earlier to occur of the following events ("Turnover Date"):

(i) Three (3) months after the conveyance of ninety percent (90%) of the "Total Developed Lots" (as defined in Article X.C hereof) by Declarant, as evidenced by the recording of instruments of conveyance of such Lots amongst the Public Records of the County; or

(ii) At such time as Declarant shall designate in writing to the POA.

3. "Class C Members" shall be the Club Property Owner and any other Members created pursuant to Section C(14) of Article IV, which Class C Members shall have no

right to vote in the POA but shall be Members of the POA solely for the purpose of receiving water, wastewater and reclaimed/irrigation water services from the POA. The membership of Class C Members in the POA, which Membership relates solely to the provision of water, wastewater and reclaimed/irrigation water services to such Members, shall cease upon the transfer of the Water, Wastewater, and Reclaimed Water System Property by the POA to the CDD, County or otherwise; provided, however, that (i) the approval and consent rights of, and (ii) all other rights of, Class C Members, including but not limited to the Club Property Owner, as provided in the Hammock Beach Documents shall remain in full force and effect and shall not be effected by the cessation of such membership in the POA as a Class C Member.

On the Turnover Date, Class A Members, including Declarant, shall assume control of the POA and elect not less than a majority of the Board.

E. The designation of different classes of membership are for purposes of establishing the number of votes applicable to certain Lots, and nothing herein shall be deemed to require voting solely by an individual class on any matter which requires the vote of Members, unless otherwise specifically set forth in the Hammock Beach Documents.

F. No Member may assign, hypothecate or transfer in any manner his/her membership in the POA except as an appurtenance to his/her Lot. Notwithstanding anything contained herein to the contrary, the Class C Members may assign or transfer the Class C Member's membership in the POA to any successor in interest.

G. Any Member who conveys or loses title to a Lot by sale, gift, devise, bequest, judicial decree or otherwise shall, immediately upon such conveyance or loss of title, no longer be a Member with respect to such Lot and shall lose all rights and privileges of a Member resulting from ownership of such Lot.

H. There shall be only one (1) vote for each Lot. If there is more than one Member with respect to a Lot as a result of the fee interest in such Lot being held by more than one person, such Members collectively shall be entitled to only one (1) vote. The vote of the Owners of a Lot owned by more than one natural person or by a corporation or other legal entity shall be cast by the person named in a certificate signed by all of the Owners of the Lot, or, if appropriate, by properly designated officers, partners or principals of the respective legal entity ("Voting Member"), and filed with the Secretary of the POA, and such certificate shall be valid until revoked by a subsequent certificate. If such a certificate is not filed with the Secretary of the POA, the vote of such Lot shall not be considered for a quorum or for any other purpose.

Notwithstanding the foregoing provisions, whenever any Lot is owned by a husband and wife they may, but shall not be required to, designate a Voting Member. In the event a certificate designating a Voting Member is not filed by the husband and wife, the following Provisions shall govern their right to vote:

1. When both are present at a meeting, each shall be regarded as the agent and proxy of the other for purposes of casting the vote for each Lot owned by them. In the event they are unable to concur in their decision upon any topic requiring a vote, they shall lose their right to vote on that topic at that meeting, but shall count for purposes of establishing a quorum.

2. When only one (1) spouse is present at a meeting, the person present may cast the Lot vote without establishing the concurrence of the other spouse, absent any prior written notice to the contrary by the other spouse. In the event of prior written notice to the contrary to the POA by the other spouse, the vote of said Lot shall not be considered, but shall count for purposes of establishing a quorum.

3. When neither spouse is present, the person designated in a "Proxy" (as defined in the Bylaws) signed by either spouse may cast the Lot vote, when voting by Proxy is allowed, absent any prior written notice to the contrary to the POA by the other spouse or the designation of a different Proxy by the other spouse. In the event of prior written notice to the contrary to the POA or the designation of a different Proxy by the other spouse, the vote of said Lot shall not be considered, but shall count for purposes of establishing a quorum.

I. A quorum shall consist of persons entitled to cast at least thirty percent (30%) of the total number of votes of the Members.

ARTICLE VI

TERM

The term for which this POA is to exist shall be perpetual. In the event of dissolution of the POA (unless same is reinstated), other than incident to a merger or consolidation, all of the assets of the POA shall be conveyed to a similar homeowners association or a public agency having a similar purpose, or any Member may petition the appropriate circuit court of the State of Florida for the appointment of a receiver to manage the affairs of the dissolved POA and its properties in the place and stead of the dissolved POA and to make such provisions as may be necessary for the continued management of the affairs of the dissolved POA and its properties. In the event of termination, dissolution or final liquidation of the POA, the responsibility for the operation and maintenance of the Surface Water and Storm Water Management System, if the responsibility of the POA, must be transferred to and accepted by an entity which would comply with Section 40C-42.027, F.A.C., and be approved in writing by the St. Johns River Water Management District prior to such termination, dissolution or liquidation. In the event of termination, dissolution or final liquidation of the POA, the responsibility for the operation and maintenance of the Water, Wastewater and Reclaimed Water System Property, if the responsibility of the POA, must be transferred to and accepted by an entity under and which would comply with the terms of the Utility Asset Transfer Agreement and/or requirements set forth in any applicable permits of the St. Johns River Water Management District and/or the Florida Department of Environmental Protection, as applicable.

ARTICLE VII

INCORPORATOR

The name and address of the Incorporator of these Articles is:

A.G.C. Co.

200 South Orange Avenue
Suite 2300
Orlando, Florida 32801

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ARTICLE VIII

OFFICERS

The affairs of the POA shall be managed by the President of the POA, assisted by the Vice President(s), Secretary and Treasurer, and, if any, by the Assistant Secretary(ies) and Assistant Treasurer(s), subject to the directions of the Board. Except for officers elected prior to the Turnover Date, officers must be Members, or the parents, children or spouses of Members. Class C Members may not serve as officers of the POA.

The Board shall elect the President, Secretary and Treasurer, and as many Vice Presidents, Assistant Secretaries and Assistant Treasurers as the Board shall, from time to time, determine. The President shall be elected from amongst the membership of the Board, but no other officer need be a Director. The same person may hold two offices, the duties of which are not incompatible; provided, however, the office of President and a 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.

ARTICLE IX

FIRST OFFICERS

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

Al Jones	President	One Hammock Beach Parkway Palm Coast, Florida 32137
Daniel Baker	First Vice- President	One Hammock Beach Parkway Palm Coast, Florida 32137
Jason Shepler	Second Vice - President	One Hammock Beach Parkway Palm Coast, Florida 32137
Melissa Clingerman	Secretary	One Hammock Beach Parkway Palm Coast, Florida 32137
Jim Cecil	Treasurer	One Hammock Beach Parkway Palm Coast, Florida 32137

ARTICLE X

BOARD OF DIRECTORS

A. The number of Directors on the first Board of Directors of the POA ("First Board") and the "Initial Elected Board" (as hereinafter defined) shall be three (3). The number of Directors elected by the Members subsequent to the "Declarant's Resignation Event" (as hereinafter defined) shall be not less than three (3) nor more than seven (7), as the Board shall from time to time determine prior to each meeting at which Directors are to be elected. Except for Declarant appointed Directors, Directors must be Members or the parents, children or spouses of Members. There shall be only one (1) vote for each Director. Class C Members may not serve as Directors of the Board

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

NAMES	ADDRESSES
Al Jones	One Hammock Beach Parkway Palm Coast, Florida 32137
Daniel Baker	One Hammock Beach Parkway Palm Coast, Florida 32137
Jim Cecil	One Hammock Beach Parkway Palm Coast, Florida 32137

Declarant reserves the right to replace and/or designate and elect successor Directors to serve on the First Board for so long as the First Board is to serve, as hereinafter provided.

C. For purposes of this paragraph, "Total Developed Lots" shall mean the approximately four hundred fifty-three (453) developed Lots which Declarant intends to develop in the Committed Property. Notwithstanding the foregoing, Declarant has reserved the right in the CC&Rs to modify its plan of development for the Committed Property and to add land to and withdraw land from the Committed Property and, therefore, the total number of Lots and Homes, and thus the term "Total Developed Lots," may refer to a number greater or lesser than four hundred fifty-three (453). The number of Lots added to or withdrawn from the Committed Property and the revised number of "Total Developed Lots" will be set forth in a Supplemental Declaration recorded in the County if additional land is added to or withdrawn from the Committed Property.

D. Upon the Turnover Date, the Members, other than Declarant and the Class C Members, ("Purchaser Members") shall be entitled to elect two (2) of the three (3) Directors, and Declarant shall be entitled to appoint one (1) of the three (3) Directors. The election of the two (2) Directors by the Purchaser Members shall occur at a special meeting of the membership to be called by the Board for such purpose ("Initial Election Meeting"). The Directors elected by the Purchaser Members shall not be subject to removal by Declarant. The First Board shall serve until the Initial Election Meeting.

E. Notwithstanding any other provisions of these Articles, at the Initial Election Meeting, Purchaser Members, who shall include all Members other than Declarant and the Class C Members, the number of which may change from time to time, shall elect two (2) of the Directors, and Declarant, until the Declarant's Resignation Event, shall be entitled to designate one (1) Directors (same constituting the "Initial Elected Board"). Declarant reserves and shall have the right, until the Declarant's Resignation Event, to name the successor(s), if any, to the Director it has so designated. Directors elected by Declarant shall not be subject to removal by the Purchaser Members.

F. The Board shall continue to be so designated and elected, as described in Paragraph E above, at each subsequent "Annual Members' Meeting" (as defined in the Bylaws), until the Annual Members' Meeting following the Declarant's Resignation Event or until a Purchaser Member-elected Director is removed in the manner hereinafter provided.

G. The Initial Election Meeting shall be called by the POA, through the Board, within sixty (60) days after the Purchaser Members are entitled to elect a majority of Directors as provided in Paragraph D hereof. A notice of meeting shall be forwarded to all Members in accordance with the Bylaws; provided, however, that the Members shall be given at least fourteen (14) days' notice of such meeting. The notice shall also specify the number of Directors which shall be elected by the Purchaser Members and the remaining number of Directors designated by Declarant.

H. Upon the earlier to occur of the following events ("Declarant's Resignation Event"), Declarant shall cause all of its designated Directors to resign:

1. When Declarant no longer holds at least five percent (5%) of the Total Developed Lots for sale in the ordinary course of business and all Lots sold by Declarant have been conveyed as evidenced by the recording of instruments of conveyance of such Lots amongst the Public Records of the County; or

2. When Declarant causes the voluntary resignation of all of the Directors designated by Declarant and does not designate replacement Directors.

Upon Declarant's Resignation Event, the Purchaser Members shall elect a successor Director to fill the vacancies caused by the resignation or removal of the two (2) Declarant-appointed Directors. This successor Director shall serve until the next Annual Members' Meeting and until a successor to the Declarant-appointed Director is elected and qualified. In the event Declarant's Resignation Event occurs prior to the Initial Election Meeting, the Initial Election Meeting shall be called in the manner set forth in Paragraph G of this Article X, and all of the Directors shall be elected by the Purchaser Members at such meeting. At each Annual Members' Meeting held subsequent to Declarant's Resignation Event, all of the Directors shall be elected by the Purchaser Members.

I. The term of the Board elected at the Initial Election Meeting shall be five (5) years. At the election held during the Annual Owners Meeting that occurs after said five (5) year term, 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 up to the nearest 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 POA 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.

J. The resignation of a Director who has been designated by Declarant or the resignation of an officer of the POA who has been elected by the First Board shall be deemed to remise, release, acquit, satisfy and forever discharge such officer or Director of and from any and all manner of action(s), cause(s) of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, executions, claims and demands whatsoever, in law or in equity, which the POA or Purchaser Members had, now have or will have or which any personal representative, successor, heir or assign of the POA or Purchaser Members hereafter can, shall or may have against said officer or Director for, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the day of such resignation, except for such Director's or officer's willful misconduct or gross negligence.

K. Until Declarant's Resignation Event, Declarant shall have the right to disapprove any action, policy or program of the POA, the Board and any committee which, in Declarant's sole and absolute judgment, would tend to impair the rights or interests of Declarant or any builder, interfere with the development or construction of any portion of the Committed Property, or diminish the level of services the POA provides.

1. The POA, the Board and each committee shall give the Declarant written notice of their meetings and proposed actions to be approved at their meetings (or by written

consent in lieu of a meeting). The notice shall comply with notice to Directors provision of the Bylaws and shall, except in the case of the regular meetings held pursuant to the Bylaws, set forth with reasonable particularity the agenda to be followed at such meeting.

2. The POA, the Board and each committee shall give the Declarant the opportunity at any meeting to join in or to have its representatives or agents join in discussion from the floor of any prospective action, policy or program which would be subject to the right if disapproval described in this Paragraph K.

3. Declarant, its representatives or agents, shall make its concerns, thoughts and suggestions known to the Board and/or the members of the subject committee. The Declarant may exercise its right to disapprove at any time within ten (10) days following the meeting at which such action was proposed or, if the action is approved without a meeting, at any time within ten (10) days following receipt of written notice of the proposed action. This right to disapprove may be used to block proposed actions but shall not include a right to require any action or counteraction by the POA, the Board or any committee. The Declarant shall not use its right to disapprove to reduce the level of services which the POA is obligated to provide or to prevent capital repairs or any expenditures required to comply with applicable laws and regulations.

4. No action, policy or program subject to Declarant's right of disapproval shall become effective or be implemented until and unless the requirements of subsections (1) and (2) above have been met.

L. A Director (other than a Declarant-appointed Director) may be removed from office according to the following:

1. A Director (other than a Declarant-appointed Director) may be removed from office upon the affirmative vote of a majority of the voting interests of Purchaser Members for any reason deemed to be in the best interests of the Purchaser Members at a meeting of the Purchaser Members. A meeting of the Purchaser Members to so remove a Director or Directors (other than a Declarant-appointed Director) shall be held upon the written request to the POA of ten percent (10%) of the Purchaser Members. Notice of the meeting of the Purchaser Members shall be given as provided in the Bylaws and shall state the purpose of the meeting. The Board shall duly notice and hold a Board meeting within five (5) full business days after the adjournment of the Purchaser Member meeting at which one or more Directors were recalled. At the meeting of the Board, the Board shall either (i) certify the recall, in which case such Director or Directors shall be recalled effective immediately and shall turn over to the Board within five (5) full business days any and all records and property of the POA in the Director's or Directors' possession, or (ii) proceed as described in Paragraph K(3) below.

2. A Director (other than a Declarant-appointed Director) may also be removed by an agreement in writing or by written ballot without a meeting of the Purchaser Members. The agreement in writing or the written ballots, or a copy thereof, shall be served on the POA by certified mail or by personal service in the manner authorized by Chapter 48, Florida Statutes and the Florida Rules of Civil Procedure. Within five (5) full business days after the POA's receipt of a properly served agreement in writing or written ballots the Board shall duly

notice and hold a meeting of the Board. At the meeting of the Board, the Board shall either (i) certify the written ballots or written agreement to recall a director or directors of the Board, in which case such director or directors shall be recalled effective immediately and shall turn over to the Board within five (5) full business days any and all records and property of the POA in the Director's or Directors' possession, or (ii) proceed as described in Paragraph K(3) below.

i. When it is determined by the Department, pursuant to binding arbitration proceedings, that an initial recall effort was defective, written recall agreements or written ballots used in the first recall effort and not found to be defective may be reused in one subsequent recall effort. However, in no event is a written agreement or written ballot valid for more than one hundred twenty (120) days after it has been signed by the Purchaser Member.

ii. Any rescission or revocation of a Purchaser Member's written recall ballot or agreement must be in writing and, in order to be effective, must be delivered to the POA before the POA is served with the written recall agreements or ballots.

iii. The agreement in writing or ballot shall list at least as many possible replacement Directors as there are Directors subject to the recall, when at least a majority of the Board is sought to be recalled; the person executing the recall instrument may vote for as many replacement candidates as there are Directors subject to the recall.

3. If the Board determines not to certify the written agreement or written ballots to recall a Director or Directors of the Board or does not certify the recall by a vote of the Purchaser Members at a meeting, the Board shall, in accordance with the procedures set forth in Section 720.311, Florida Statutes, within five (5) full business days after the meeting, file with the Department a petition for binding arbitration. For the purposes of arbitration under this section, the Purchaser Members 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 Director or Directors of the Board, the recall will be effective upon mailing of the final order of arbitration to the POA. The Director or Directors so recalled shall deliver to the Board any and all records of the POA in the Director's or Directors' possession within five (5) full business days after the effective date of the recall.

4. Notwithstanding any provision to the contrary, if a vacancy occurs on the Board as a result of a recall and less than a majority of the Directors are removed, the vacancy may be filled by the affirmative vote of a majority of the remaining Directors. If vacancies occur on the Board as a result of a recall and a majority or more of the Directors are removed, the vacancies shall be filled by Purchaser Members voting in favor of the recall; if removal is at a meeting of the Purchaser Members, any vacancies shall be filled by the Purchaser Members at the meeting. If the recall occurred by agreement in writing or by written ballot, Purchaser Members may vote for replacement Directors in the same instrument.

5. If the Board fails to duly notice and hold a Board meeting within five (5) full business days after service of an agreement in writing or within five (5) full business days after the adjournment of the Purchaser Member recall meeting, the recall shall be deemed effective and the Director(s) so recalled shall immediately turn over to the Board all records and property of the POA.

6. If a Director who is removed fails to relinquish his or her office or turn over records as required under this section, the circuit court in the county where the POA maintains its principal office may, upon the petition of the POA, summarily order the Director to relinquish his or her office and turn over all POA records upon application of the POA.

7. The minutes of the Board meeting at which the Board decides whether to certify the recall are an official POA record. The minutes must record the date and time of the meeting, the decision of the Board, and the vote count taken on each Director subject to the recall. In addition, when the Board decides not to certify the recall, as to each vote rejected, the minutes must identify the parcel identification number for the Lot and the specific reason for each such rejection.

8. When the recall of more than one Director is sought, the written agreement, ballot, or vote at a meeting shall provide for a separate vote for each Director sought to be recalled.

ARTICLE XI

INDEMNIFICATION

Each and every Director and officer of the POA shall be indemnified by the POA against all costs, expenses and liabilities, including attorney and paralegal fees at all trial and appellate levels and post-judgment proceedings, reasonably incurred by or imposed upon him in connection with any negotiation, proceeding, arbitration, litigation or settlement in which he becomes involved by reason of his being or having been a Director or officer of the POA, and the foregoing provision for indemnification shall apply whether or not such person is a Director or officer at the time such cost, expense or liability is incurred. Notwithstanding the above, in the event of any such settlement, the indemnification provisions provided in this Article XI shall not be automatic and shall apply only when the Board approves such settlement and reimbursement for the costs and expenses of such settlement as being in the best interest of the POA, and in the event a Director or officer admits that he is or is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties, the indemnification provisions of this Article XI shall not apply. The foregoing right of indemnification provided in this Article XI shall be in addition to and not exclusive of any and all rights of indemnification to which a Director or officer of the POA may be entitled under statute or common law.

ARTICLE XII

BYLAWS

The Bylaws shall be adopted by the First Board, and thereafter may be altered, amended, restated, or rescinded in the manner provided for in the Bylaws. In the event of any conflict between the provisions of these Articles and the provisions of the Bylaws, the provisions of these Articles shall control.

ARTICLE XIII

AMENDMENTS

A. Prior to the First Conveyance, these Articles may be amended only by an instrument in writing signed by the Declarant and filed in the Office of the Secretary of State of the State of Florida.

B. After the First Conveyance, and prior to the Turnover Date, these Articles may be amended solely by a majority vote of the Board, without the prior written consent of the Members, at a duly called meeting of the Board.

C. After the Turnover Date, these Articles may be amended in the following manner:

1. (a) The Board shall adopt a resolution setting forth the proposed amendment and directing that it be submitted to a vote at a meeting of the Members, which may be at either the Annual Members' Meeting or a special meeting. Any number of proposed 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 within the time and in the manner provided in the Bylaws for the giving of notice of meetings.

(c) At such meeting, a vote of the Members shall be taken on the proposed amendment(s). The proposed amendment(s) shall be adopted upon receiving the affirmative vote of a majority of the voting interests.

2. An amendment may be adopted by a written statement (in lieu of a meeting) signed by all Members and all Directors of the Board setting forth their intention that an amendment to the Articles be adopted.

D. These Articles may not be amended without the written consent of a majority of the Directors of the Board.

E. Notwithstanding any provisions of this Article XIII to the contrary, these Articles shall not be amended in any manner which shall impair or prejudice the rights of: (i) Declarant, without the prior written consent thereto by Declarant, for so long as Declarant holds either a leasehold interest in or title to at least one (1) Lot; (ii) any "Institutional Mortgagee" (as such term is defined in the CC&Rs) without the prior written consent of such Institutional Mortgagee; or (iii) the Class C Members, including but not limited to the Club Property Owner, without the prior written consent of each of the Class C Members. Any consent required pursuant to this paragraph may be given or withheld by such affected party in such party's sole, absolute and unfettered discretion.

F. Notwithstanding the foregoing provisions of this Article XIII, no amendment to these Articles shall be adopted which shall abridge, amend or alter the rights of Declarant hereunder, including, but not limited to, Declarant's right to designate and select members of the

First Board or otherwise designate and select Directors as provided in Article X hereof, nor shall any amendment be adopted or become effective without the prior written consent of Declarant.

G. Any instrument amending these Articles shall identify the particular article or articles being amended and shall provide a reasonable method to identify the amendment being made. A certified copy of each such amendment shall be attached to any certified copy of these Articles, and a copy of each amendment certified by the Secretary of State shall be recorded amongst the Public Records of the County.

H. Any proposed amendment to these Articles which would affect the Surface Water and Storm Water Management System, conservation areas, or water management portions of the common areas shall be submitted to the St. Johns River Water Management District for approval prior to adoption of the amendment.

I. Any proposed amendment to these Articles which would affect the Water, Wastewater and Reclaimed Water System Property shall be submitted to the County for approval prior to the adoption of the amendment.

ARTICLE XIV

REGISTERED OFFICE AND REGISTERED AGENT

The street address of the initial registered office of the POA is 200 South Orange Avenue, Suite 2300, Orlando, Florida 32801 and the initial registered agent of the POA at that address shall be A.G.C. Co.

IN WITNESS WHEREOF, for the purpose of forming this corporation under the laws of the State of Florida, the undersigned, constituting the incorporator of this POA, has executed these Articles of Incorporation this 30th day of MAY, 2006.

A.G.C. CO.

By: G. Thomas Ball

Printed Name: G. Thomas Ball

As its: Vice President

REGISTERED AGENT CERTIFICATE

In pursuance of the Florida Not For Profit Corporation Act, the following is submitted, in compliance with said statute:

That the Hammock Beach River Club Property Owners' Association, Inc., desiring to organize under the laws of the State of Florida, with its registered office, as indicated in the Articles of Incorporation at the City of Orlando, County of Orange, State of Florida, has named A.G.C. Co., located at said registered office, as its registered agent to accept service of process and perform such other duties as are required in the State.

ACKNOWLEDGMENT:

Having been named to accept service of process and serve as registered agent for the above-stated Corporation, at the place designated in this Certificate, the undersigned, hereby accepts to act in this capacity, and agrees to comply with the provision of said statute relative in keeping open said office, and further states it is familiar with Section 617.0503, Florida Statutes.

A.G.C. CO.

By: G. Thomas Ball

Print Name: G. Thomas Ball

Its: Vice President

DATED: MAY 30, 2006

FILED
06 MAY 30 PM 2:41
SECRETARY OF STATE
TALLAHASSEE FLORIDA