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REFERENCE : 062551 81040A

AUTHORIZATION :

COST LIMIT : \$ PPD

ORDER DATE : December 11, 1998

ORDER TIME : 3:30 PM

ORDER NO. : 062551-005

CUSTOMER NO: 81040A

CUSTOMER: Rollin D. Davis, Jr
SHELL FLEMING DAVIS & MENGE
SHELL FLEMING DAVIS & MENGE
Ninth Floor, Seville Tower
226 Palafox Place
Pensacola, FL 32501

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DOMESTIC FILING

NAME: HIGHLANDS AT SCENIC HILLS
HOMEOWNERS ASSOCIATION,
INC.

EFFECTIVE DATE:

XX ARTICLES OF INCORPORATION
 CERTIFICATE OF LIMITED PARTNERSHIP

PLEASE RETURN THE FOLLOWING AS PROOF OF FILING:

XX CERTIFIED COPY
 PLAIN STAMPED COPY
 CERTIFICATE OF GOOD STANDING

CONTACT PERSON: Tamara Odom

EXAMINER'S INITIALS:

FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS
98 DEC 11 PM 6:17

RECEIVED
DEC 11 PM 4:10
DIVISION OF CORPORATIONS

ARTICLES OF INCORPORATION

OF

HIGHLANDS AT SCENIC HILLS HOMEOWNERS ASSOCIATION, INC.

FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS
98 DEC 11 PM 6:17

The undersigned incorporator to these Articles of Incorporation hereby files this document to form a non-stock corporation not for profit under the laws of the State of Florida.

ARTICLE I. NAME

The name of the corporation is HIGHLANDS AT SCENIC HILLS HOMEOWNERS ASSOCIATION, INC., hereafter called the "Association."

ARTICLE II. PURPOSE AND POWERS

The Association is not organized for pecuniary gain or profit to the members thereof, and it shall be prohibited from any distribution of income to its members, directors, and officers. The specific purposes for which it is formed are to provide for maintenance, preservation, and architectural control of the residential lots within that certain tract of property described as:

PARCEL A, PARCEL B, AND PARCEL C described with specificity in Official Record Book 2753 at page 907 of the public records of Escambia County, Florida.

and to promote the health, safety, and welfare of the residents within the above-described property and any additions thereto as may hereafter be brought within the jurisdiction of this Association for this purpose to (but only as the following may from time to time be permissible for corporations not for profit under the laws of Florida and are permissible under the Declaration mentioned in the following subparagraph):

(a) exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in that certain Declaration of Covenants, Conditions and Restrictions, hereinafter called the "Declaration," which Declaration is recorded in Official Record Book 2753 at page 907 of the public records of Escambia County, Florida, and as the same may be amended from time to time as therein provided, said Declaration being incorporated herein as if set forth at length;

(b) fix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes, or governmental charges levied or imposed against the property of the Association;

(c) acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association;

(d) borrow money, and with the assent of two-thirds (2/3) of each class of members mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(e) dedicate, sell, or transfer all or any part of the Common Area to any public agency, authority, or utility agreeing to hold and maintain the same for such purposes. The Association may grant easements over the common area to private parties, but no such easement shall be effective unless an instrument has been signed by two-thirds (2/3) of the members agreeing to such grants of easement;

(f) participate in mergers and consolidations with non-profit corporations organized for the same purposes or annex additional residential property and Common Area, provided that any such merger, consolidation or annexation shall have the assent of two-thirds (2/3) of members. Provided, however, that no such merger, consolidation, or annexation shall be accomplished for so long as there is a Class B membership without approval of the Department of Housing and Urban Development or Veterans Administration.

(g) have and to exercise any and all powers, rights, and privileges which a corporation organized under the Corporations Not For Profit Law of the State of Florida by law may now or hereafter have or exercise.

ARTICLE III. MEMBERSHIP

Every person or entity who is a record owner of a fee or undivided fee interest in any lot which is subject by covenants of record to assessment by the Association, including contract vendees, shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any lot which is subject to assessment by the Association.

ARTICLE IV. VOTING RIGHTS

The Association shall have two classes of voting membership:

Class A. Class A member(s) shall be all Owners, with the exception of the Declarant, and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B member(s) shall be the Declarant (as defined in the Declaration), and shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership at the time of the first meeting of the members following the

filing of these articles.

The members shall be the Lot Owners in the property subject to the Declaration. When more than one person holds an interest in any lot, all such persons shall be members. The vote for such lot shall be exercised as the owners thereof determine, but in no event shall more than one vote be cast with respect to any lot.

ARTICLE V. BOARD OF DIRECTORS

The affairs of this Association shall be managed by a Board of at least three (3) directors, who need not be members of the Association. The number of directors may be changed by amendment of the By-Laws of the Association but may not exceed nine (9) nor be less than three (3). Initially the Board shall have 3 directors and shall continue to have three directors until the Class A membership at the initial turnover meeting, or at any annual meeting, or any special meeting called for that purpose, designates a different number of directors. The names and residence addresses of the persons who are to act in the capacity of directors until the selection of their successors are:

W. C. Merrill, Jr.
1940 Seville Drive
Pensacola, FL 32503

F. O. Dickerson
402 West Lloyd Street
Pensacola, FL 32501

Jane H. Merrill
1940 Seville Drive
Pensacola, FL 32503

At the first annual meeting the members shall elect no less than three (3) directors and at each succeeding annual meeting, or at a special meeting called for the purpose of electing directors, the members shall elect the number of directors which may from time to time be designated by the By-Laws. PROVIDED, HOWEVER, that after cessation of the Class B membership and at the first meeting of the members for election of directors and officers after turnover to the Class A members, the Class A members at that meeting shall decide the number of members of the Board of Directors, not to be less than three (3) or to exceed five (5), and that number shall be the number of the Board of Directors until changed by members at an annual meeting or special meeting called for that purpose.

ARTICLE VI. DISSOLUTION

The Association may be dissolved with the assent given in writing and signed by not less than two-thirds (2/3) of the members. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization to be devoted to such similar

purposes. PROVIDED, HOWEVER, that for so long as there is a Class B membership the corporation shall not be dissolved without the prior written approval of the Department of Housing and Urban Development or Veterans Administration.

ARTICLE VII. DURATION

The corporation shall exist perpetually.

ARTICLE VIII. AMENDMENTS

Amendments to these Articles shall require the assent of no less than two-thirds (2/3) of the entire membership. Amendments may be proposed by any member at any annual meeting or special meeting called for that purpose, and adopted by the members in person or by proxy at that or any subsequent meeting by the percentage of members set forth above. The By-Laws of the corporation shall be made, altered, or rescinded, at a regular or special meeting of the members, by a vote of a majority of the members present in person or by proxy. The By-Laws may restrict the number of proxies to be voted by any person. PROVIDED, HOWEVER, that for so long as there is a Class B membership there shall be no amendments without the prior written approval of the Department of Housing and Urban Development or Veterans Administration except for amendments which are taken for the sole purpose of changing these articles to comply with the standards required by the Department of Housing and Urban Development or Veterans Administration.

ARTICLE IX. OFFICERS

The affairs of the corporation are to be managed by a President, Vice-President, Secretary, and Treasurer. They shall be elected at the first meeting of the Board of Directors following each annual meeting of the members. The President and Vice-President shall be Directors. One person may serve in more than one office. Until the first election of officers, W. C. Merrill shall serve as President of the corporation, Jane H. Merrill as Vice President of the corporation, and F. O. Dickerson as Secretary and as Treasurer of the corporation

ARTICLE X. INCORPORATOR

The incorporator to these Articles of Incorporation is W. C. Merrill, Jr. His residence address is shown in Article V above.

ARTICLE XI. INITIAL REGISTERED AGENT AND OFFICE

W.C. Merrill, Jr., whose office address is 4800 North Palafox, Pensacola, Florida 32505, is hereby appointed as the initial Registered Agent of the corporation, and the principal office of the corporation shall be at that address until another is properly designated pursuant to the then

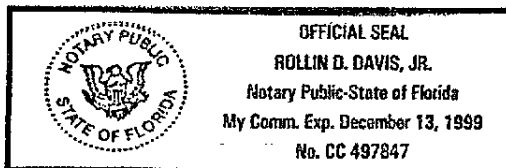
applicable law. The registered office address shall be that address until changed by the Board of Directors and proper notification is furnished the Secretary of State of the State of Florida. By his signature below W. C. Merrill, Jr. accepts the designation of registered agent, acknowledges that he is aware of his duties as registered agent, and agrees to act faithfully in that capacity.

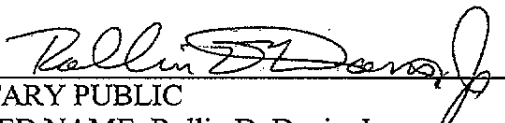
IN WITNESS WHEREOF the incorporator has executed this instrument this 7th day of November, 1998.


W. C. Merrill, Jr., as incorporator
and registered agent

STATE OF FLORIDA
COUNTY OF ESCAMBIA

The foregoing instrument was acknowledged before me this 7th day of November, 1998, by W.C. Merrill, Jr., as incorporator and registered agent. He is personally known to me.




NOTARY PUBLIC
TYPED NAME: Rollin D. Davis, Jr.
My commission expires: 12/13/99

FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS
98 DEC 11 PM 6:17