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DECLARATION OF PROTECTIVE COVENANTS,
CONDITIONS AND RESTRICTIONS OF
THE VILLAS NEIGHBORHOOD

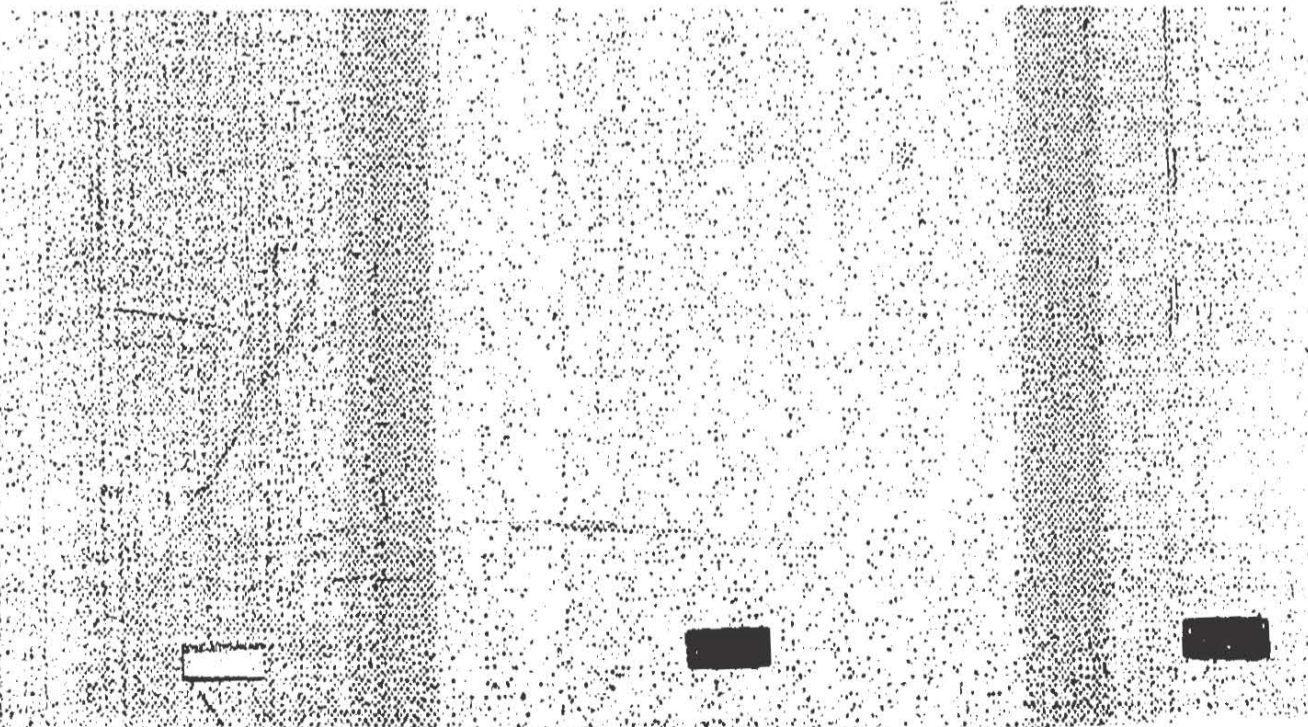
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DECLARATION OF
PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS
OF
VILLAS NEIGHBORHOOD

This DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS OF VILLAS NEIGHBORHOOD is made this 6th day of December, 1989 by ITT Community Development Corporation, a Delaware corporation, its successors and assigns (the "Declarant"), and joined in by ADMIRAL CORPORATION, a Florida corporation.

W I T N E S S E T H:

WHEREAS, Declarant is presently developing a planned community located in Flagler County, Florida (the "County") known as Hammock DunesSM Private Community of which the Villas Neighborhood is a part; and

WHEREAS, Declarant by this Declaration of Protective Covenants, Conditions and Restrictions of Villas Neighborhood (the "Declaration") imposes the covenants, conditions and restrictions contained herein upon the "Land," the legal description of which is attached hereto and made a part hereof as Exhibit "A"; and

WHEREAS, Declarant hereby declares that the Land is Committed Property, as that term is defined in the Declaration of Protective Covenants, Conditions and Restrictions for Hammock DunesSM Private Community (the "Master Declaration"), and is subject to the specific Land Use Classifications as set forth in the Villas Property Plan which is attached hereto and made a part hereof as Exhibit "B"; and

WHEREAS, Villas Neighborhood is a Neighborhood created pursuant to Article 7 of the Master Declaration and this Declaration is a "Neighborhood Declaration" pursuant to Article 7.01 of the Master Declaration; and

WHEREAS, Declarant has created pursuant to Article 7.03 of the Master Declaration, a Subassociation which shall be responsible for the operation of the Villas Neighborhood. This Subassociation is the Villas Neighborhood Association, Inc., a Florida corporation not for profit. A true copy of the Articles of Incorporation of the Association is attached hereto as Exhibit "C" and made a part hereof. A true copy of the By-Laws of the Association is attached hereto as Exhibit "D" and made a part hereof. The Association is

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NOT a condominium association under Chapter 718, Florida Statutes; and

WHEREAS, the Master Declaration provides that the Association is subject to the Hammock Dunes Owners' Association, Inc. (the "Owners Association") to the extent provided in the Master Declaration; and

WHEREAS, the Neighborhood is, for the purposes of this Declaration and the Master Declaration, a part of the Fairways Community.

NOW, THEREFORE, Declarant declares that the Land is and shall be owned, used, sold, conveyed, encumbered, demised and occupied subject to the provisions of this Declaration, which shall run with the Land and be binding on all parties having any right, title or interest in the Land or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof.

I. DEFINITIONS

1. The terms contained in this Declaration shall have the meanings given such terms in the Declaration of Protective Covenants, Conditions and Restrictions for Hammock Dunes Private Community except as may otherwise be set forth herein.
2. "Annual Assessment" shall mean the annual assessment due to the Association from each Lot in the Neighborhood, which shall be the Neighborhood Common Expense Assessment plus the Neighborhood's share of the Operating Expenses as more fully described in Article VIII(A) hereof.
3. "Articles" shall mean the Articles of Incorporation of the Villas Neighborhood Association, Inc.
4. "Assessments" shall mean any assessments made by the Association in accordance with this Declaration including, but not limited to, assessments for Neighborhood Common Expenses and Neighborhood Special Assessments, as may be further set forth in this Declaration, as well as any assessments assessed by the Owners' Association which are to be collected by the Association.
5. "Association" shall mean the Villas Neighborhood Association, Inc., a Florida corporation not for profit.
6. "Base Assessments" shall mean those Assessments under the Master Declaration for which all Members of the Owners' Association are responsible to the Owners' Association in the manner set forth in Article 10.01(c) (2) of the Master Declaration.

7. "Board of Administrators" shall mean the governing body of the Owners' Association.

8. "Board of Directors" or "Board" shall mean the governing body of the Association.

9. "Budget" shall mean the budget adopted by the Board, as discussed in Article VIII of this Declaration.

10. "By-Laws" shall mean the By-Laws of the Association.

11. "Clubs" shall mean and refer to Hammock Dunes Club, Inc., a Florida corporation not for profit, and any other recreational-type club or country club which may be established in conjunction with the Total Property, as described further in Article 2 of the Master Declaration. Notwithstanding anything contained herein, the ownership of a Unit, or membership in the Association or the Owners' Association does not confer any ownership interest in or right to use any of the Club's facilities.

12. "Committed Property" shall mean those portions of the Total Property which are subjected to specific Land Use Classifications under the Master Declaration, including the Land. By this Declaration, the Land is hereby committed to those Land Use Classifications set forth on the Villas Property Plan, as may be amended from time to time.

13. "Common Areas" shall mean the Land Use Classification assigned to all portions of the Total Property, including any improvements and fixtures thereon, which are owned by, leased to, or the use of which has been granted to the Owners' Association as set forth in the Master Declaration. Common Areas have not been, and are not intended to be, submitted to the condominium form of ownership.

14. "Community" shall mean a portion of the Committed Property comprised of one or more Neighborhoods or Tracts or both, and designated as such by Declarant, which may share certain services or facilities.

15. "Community Assessments" shall mean those assessments due from Members of the Fairways Community for those Operating Expenses which have been incurred to benefit primarily the Members of the Fairways Community.

16. "Community Common Areas" shall mean the Land Use Classification assigned to all portions of the Total Property, including any improvements and fixtures thereon which are owned by, leased to, or their use of which has been primarily granted to a Community for the common use and enjoyment of the Owners in such Community.

17. "County" shall mean Flagler County, Florida.

18. "Declarant" shall mean ITT Community Development Corporation, a Florida corporation, its nominees, successors and/or assigns. Declarant shall have the right to assign any of its rights hereunder to any Person, with the consent of no other Person being required.

19. "Design Review Committee" shall mean the body established by the Board of Administrators to administer the Development Codes to control the initial design and location of all Structures located on the Total Property, including the Land, and all alterations and modifications to existing Structures and improvements to the Committed Property as fully discussed in Article V(B) herein and in Article 6.02 of the Master Declaration. Declarant shall have the right to divide the Design Review Committee into various subcommittees with specific functions.

20. "Development Codes" shall mean the standards established from time to time by the Declarant or, if provided in the Master Declaration, the Board of Administrators, to control the design and location of all Structures and other work within the Committed Property, are more fully described in Article 6.02 of the Master Declaration, and Article V(B)(3) of this Declaration.

21. "Director" shall mean a member of the Board elected or designated as set forth in the Articles or By-Laws of the Association.

22. "Dwelling Unit" shall mean any residential dwelling unit or any portion of the Land upon which a residential dwelling unit is intended to be constructed and has been conveyed by a Land Segment Owner to a Person intended as an abode for one family constructed on a portion of the Land including, without limitation, a detached, single-family home which has received a certificate of occupancy from the applicable governmental authority. "Dwelling Unit Owner" shall mean a record owner of a Dwelling Unit, but excluding those having an interest in a Dwelling Unit merely as security for the performance of an obligation.

23. "Golf Course" shall mean that golf course of the Hammock Dunes Club which abuts portions of the Neighborhood Property. The Golf Course is not part of the Neighborhood.

24. "Hammock Dunes Club" shall mean the Hammock Dunes Club, Inc., a Florida corporation not for profit, as described further in Article 2 of the Master Declaration. The Hammock Dunes Club is not part of the Neighborhood. Notwithstanding anything provided herein, the ownership of a Unit, or membership in the Association

or the Owners' Association does not confer any ownership interest in or right to use any of the facilities of the Hammock Dunes Club.

25. "Institutional Mortgagee" shall mean (a) any generally recognized lending institution having a first mortgage lien upon a Unit including, but not limited to, any of the following institutions: a federal or state savings and loan or building and loan association; national, state or other bank or real estate investment trust; or mortgage banking company doing business in the state of Florida, or a life insurance company; or a subsidiary of a holding company holding any of the foregoing; or (b) any "secondary mortgage institution" including the Federal National Mortgage Association (FNMA), Government National Mortgage Association (GNMA), Federal Housing Administration (FHA), Veterans Administration (VA) and such other secondary mortgage institution as the Board shall hereafter approve in writing which have acquired a first mortgage upon a Unit; or (c) any and all investors or lenders, or the successors and assigns of such investors or lenders, which have loaned money to Declarant to acquire, or to construct improvements on the Committed Property and who have a mortgage lien on or a portion of the Committed Property securing such loan; or (d) such other lenders as the Board shall hereafter approve in writing which have acquired a first mortgage lien upon a Unit.

26. "Land" shall mean the real property subject to this Declaration, as more fully described in Exhibit "A" attached hereto.

27. "Land Segment" shall mean a portion of the Committed Property which is designated by Declarant under the Master Declaration in writing as a Land Segment, all as more fully described in Articles 8.04 and 10.01 of the Master Declaration. "Land Segment Owner" shall mean a record owner of a Land Segment, but excluding those having an interest in a Land Segment merely as security for performance of an obligation.

28. "Land Use Classifications" shall mean one of the specific uses under the Master Declaration which Declarant has determined to assign to Committed Property, which Land Use Classifications are more fully described in, and may be expanded in accordance with, Article 5 of the Master Declaration.

29. "Lot" shall mean that portion of the Land upon which a Dwelling Unit is to be built. Each Lot is shown on the Villas Property Plan, attached hereto as Exhibit "B," as may be amended from time to time.

30. "Master Declaration" shall mean and refer to the Declaration of Protective Covenants, Conditions and Restrictions for Hammock Dunes Private Community.

31. "Master Documents" shall mean the Master Declaration and the articles of incorporation, by-laws and the rules of the Owners' Association.

32. "Members" shall mean members of the Owners' Association.

33. "Neighborhood" shall mean the Villas Neighborhood.

34. "Neighborhood Assessments" shall mean those assessments assessed by the Owners' Association and due from Members of the Neighborhood for those Operating Expenses which have been incurred to benefit primarily the Members of the Neighborhood. Neighborhood Assessments are in addition to the Neighborhood Common Expense Assessments which are assessed by the Association.

35. "Neighborhood Common Areas" shall mean all real property including any improvements and fixtures thereon, the use of which has been primarily or exclusively granted to the Neighborhood for the common use and enjoyment of the Owners in the Neighborhood.

36. "Neighborhood Common Expenses" shall mean the expenses for which the members of the Neighborhood are liable to the Association and include, but are not limited to, the costs and expenses incurred by the Association in (i) fulfilling its obligations under the Master Documents, the Neighborhood Documents and applicable law; (ii) fulfilling its obligations under the Order; and (iii) administering, operating, and/or owning the Neighborhood Common Areas, all as fully described in the Neighborhood Documents. "Neighborhood Common Expense Assessments" shall mean those assessments due to the Association for Neighborhood Common Expenses. Neighborhood Common Expense Assessments are in addition to Neighborhood Assessments, which are assessed by the Owners' Association.

37. "Neighborhood Members" shall mean the members of the Association.

38. "Neighborhood Property" shall mean and refer to the Land and all improvements thereon subjected to this Declaration and all easements and rights appurtenant thereto intended for use in connection therewith.

39. "Neighborhood Turnover" shall mean a date no later than one hundred twenty (120) days after Declarant has conveyed ninety percent (90%) of the Dwelling Units permitted to be constructed in the Neighborhood.

40. "Operating Expenses" shall mean the expenses which are due to the Owners' Association from the Members under the Master Declaration and include, but are not limited to, the cost and

expenses incurred by the Owners' Association in (a) fulfilling its obligations under the Master Documents and under applicable law; (b) fulfilling obligations under the Order, and (c) administering, operating, and owning the Common Areas and Neighborhood Common Areas, all as more fully described in Article 11 of the Master Declaration.

41. "Order" shall mean the Development Order for Hammock Dunes adopted pursuant to Section 380.06(20), Florida Statutes, on March 30, 1984, by resolution of the Board of County Commissioners of the County regarding the development of the Total Property.

42. "Owner" shall mean a record owner of a fee interest in a Unit, but excluding those having an interest in a Unit merely as security for the performance of an obligation.

43. "Owners' Association" shall mean the Hammock Dunes Owners' Association, Inc., a Florida corporation not for profit, its successors or assigns. The Owners' Association is NOT a condominium association.

44. "Person" shall mean any individual, corporation, governmental agency, business trust, estate, trust, partnership, association, two or more persons having a joint or common interest, or any other legal entity.

45. "Privacy Wall" shall mean a wall built by Declarant as part of a Lot which meanders along the side of such Lot abutting another Lot and which is designed to enhance the privacy of such Lot. Any wall surrounding a swimming pool which is permitted by this Declaration shall not be considered a Privacy Wall.

46. "Rules" shall mean the rules and regulations promulgated by the Board in accordance with the provisions of this Declaration.

47. "Special Assessments" shall mean those Assessments more particularly described in Article 10.03 of the Master Declaration. "Neighborhood Special Assessments" shall mean those Assessments more particularly described in Article VIII(A)(2) of this Declaration.

48. "Structure" shall mean that which is built or constructed, or any work artificially built up or composed of parts joined together in some definite manner, the use of which requires more or less permanent or temporary location on the ground, or which is attached to something having a permanent or temporary location on the ground. The term shall be construed as if followed by the words "or part thereof."

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49. "Supplement" shall mean an instrument executed by Declarant for such purposes as are more fully described in this Declaration and the Master Declaration.

50. "Total Property" shall mean the real property subject to the Master Declaration, as is legally described in the Master Declaration, of which the Land is a part.

51. "Tract" shall mean any specifically delineated portion of the Total Property designated by Declarant pursuant to the Master Declaration or as otherwise shown or fully discussed in the Master Declaration.

52. "Unit" shall mean Dwelling Units, Tracts, and Land Segments located in the Neighborhood.

53. "Villas" shall mean that Neighborhood on the Total Property which is comprised of the Land, as may be expanded as provided for in Article II(A) herein.

54. "Villas Property Plan" shall mean and refer to that property plan of the Land annexed hereto as Exhibit "B" and made a part hereof, as may be amended from time to time. The Villas Property Plan shows and identifies, among other things, the pertinent Land Use Classifications of the Villas Neighborhood, and each Lot.

55. "Visitors" shall mean and refer to the family members, guests, invitees and lessees of Club members of the Hammock Dunes Club; the players or users of the Golf Course; and the spectators at golf tournaments.

56. "Voting Member" shall mean the Person who shall represent the Dwelling Unit Owners in the Neighborhood at meetings of the Owners' Association, as set forth more fully in the articles and by-laws of the Owners' Association.

II. DESCRIPTION OF VILLAS NEIGHBORHOOD

A. Neighborhood Property.

1. The Neighborhood Property shall contain single-family detached residential Dwelling Units intended to be built upon the Lots, and Neighborhood Common Areas.

2. The Neighborhood Common Areas are shown on the Villas Property Plan. The Association is responsible to maintain the Neighborhood Common Areas. Notwithstanding anything provided herein, however, Declarant reserves the right, until such time as it no longer has any interest in the Total Property, by means of

a Supplement recorded in the Public Records of the County, without the joinder of any other Person being required, to redesignate any of the Neighborhood Common Areas as Community Common Areas or Common Areas, or to provide that the maintenance responsibility of the Neighborhood Common Areas, whether or not redesignated as Community Common Areas or Common Areas, is the responsibility of the Owners' Association.

3. Declarant shall have the right, but shall not be obligated, to designate additional real property as part of the Villas Neighborhood by executing and recording a Supplement or other instrument in the Public Records of the County, without the consent of any Person. Declarant makes no representation regarding the size of such real property, if any. Such real property may be designated by Declarant as Common Area, Community Common Area, Neighborhood Common Area, or any other Land Use Classification. That portion of real property, if any, added by Declarant to the Villas Neighborhood shall be subject to the provisions of this Declaration. Some of the effects of adding such real property to the Villas Neighborhood may be to increase the number of Lots, the number of Persons using the Neighborhood Common Areas, the size of the Assessments and Neighborhood Common Expenses and the total number of votes which may be cast pertaining to Neighborhood affairs. Notwithstanding anything provided herein, the maximum number of Dwelling Units to be constructed in the Villas Neighborhood shall be three hundred (300).

B. Golf Course. The Golf Course is being developed as an integral part of Declarant's plan of development of the Total Property. The Golf Course, however, is not a part of the Neighborhood. The Golf Course has been built as part of the Hammock Dunes Club. The Hammock Dunes Club is a private, member equity Club, and it is subject to those documents promulgated by the Hammock Dunes Club. It is Declarant's belief that the development of the Hammock Dunes Club shall be in the best interest of the Villas Neighborhood including the property values of the Villas Neighborhood. The Persons who use the Golf Course shall be given use of the easement provided in Article IV(F) of this Declaration, as well as the easement provided in Article 12.07 of the Master Declaration. Moreover, Declarant reserves the right, by its act alone and without the joinder of the Owners' Association or any Unit Owner being required, to impose upon the Neighborhood Common Areas such other easements which are required for the use and enjoyment of the Clubs. The location of a Lot within the Neighborhood Property may result in nuisances or hazards to persons and property on the Lot as a result of normal Golf Course operations. **EACH OWNER COVENANTS FOR ITSELF, ITS SUCCESSORS, SUCCESSORS IN TITLE, AND ASSIGNS THAT IT SHALL ASSUME ALL RISKS ASSOCIATED WITH SUCH LOCATION INCLUDING, BUT NOT LIMITED TO, THE RISK OF PROPERTY DAMAGE OR PERSONAL INJURY ARISING FROM STRAY GOLF BALLS OR ACTIONS INCIDENTAL TO SUCH GOLF COURSE ACTIVITIES AND**

SHALL INDEMNIFY AND HOLD HARMLESS THE OWNERS' ASSOCIATION, THE ASSOCIATION, DECLARANT AND THE HAMMOCK DUNES CLUB FROM ANY LIABILITY, CLAIMS, OR EXPENSES, INCLUDING ATTORNEYS' FEES, ARISING FROM SUCH PROPERTY DAMAGE OR PERSONAL INJURY.

NOTWITHSTANDING ANYTHING CONTAINED HEREIN, THE OWNERSHIP OF A UNIT, OR MEMBERSHIP IN THE ASSOCIATION OR THE OWNERS' ASSOCIATION, DOES NOT CONFER ANY OWNERSHIP INTEREST IN OR RIGHT TO USE ANY OF THE GOLF COURSE FACILITIES OR OTHER CLUB FACILITIES IN ANY MANNER. Any Lot Owner interested in membership in the Hammock Dunes Club should contact the Hammock Dunes Club.

III. HAMMOCK DUNES OWNERS' ASSOCIATION, INC. AND VILLAS NEIGHBORHOOD ASSOCIATION, INC.

A. Hammock Dunes Owners' Association, Inc.

1. The Owners' Association manages and administers certain parts of the Total Property which may include the Neighborhood Common Areas. The duties and responsibilities of the Owners' Association are more specifically set forth in the Master Documents.

2. Membership.

(a) Every Owner in the Neighborhood shall be a Member of the Owners' Association. Membership shall be appurtenant to, and may not be separated from, ownership of a Lot. The votes of Members other than Declarant shall be cast at meetings of the Members of the Owners' Association by their Voting Members as set forth more fully herein and in the Master Documents.

(b) The Voting Member for the Neighborhood shall have the same number of votes as the number of Lots in the Neighborhood and shall cast the votes of the Members he represents as such Voting Member determines to be in the best interests of the Neighborhood at meetings of the Members called for such purpose. Nothing herein contained shall require that the Voting Member cast in the same manner all of the votes he is entitled to cast at the meetings of the Members of the Owners' Association, and the Voting Member may cast fewer than the total number of votes possessed by the Members he represents.

(c) The Voting Member of the Neighborhood shall be the President of the Association, or in his absence, the Vice President.

(d) At the Turnover meeting and thereafter, the Voting Member may cast his vote for Administrator only for the Administrator vacancy set aside for the Fairways Community. For

purposes of this paragraph, the term "Turnover" shall mean a date no later than one hundred twenty (120) days after Declarant has conveyed ninety (90%) percent of the Dwelling Units (as defined in the Master Declaration) permitted to be constructed on the Total Property, at which time Declarant shall no longer have the right to appoint a majority of the Board of Administrators. Notwithstanding anything provided herein, in electing an Administrator, the Voting Member is entitled to one (1) vote only, regardless of the total number of Members in the Neighborhood.

(e) At all meetings of Members, Members may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary of the Owners' Association. No proxy shall extend beyond a period of eleven (11) months.

3. The Master Documents impose certain rights and obligations on the Owners. The Master Documents set forth the manner in which the Owners in the Neighborhood, their family members, guests, invitees and lessees may use and enjoy the Common Areas and the sharing of Operating Expenses. The Neighborhood Property and the provisions of this Declaration are subject to the Master Documents. Further, all the covenants set forth in the Master Documents including, but not limited to, the affirmative covenants and obligations to pay Operating Expenses, as therein set forth, shall run with the Neighborhood Property, and any assessments for Operating Expenses made pursuant to the Master Documents against any Unit shall be assessable against all of the Neighborhood Property as a whole.

B. Villas Neighborhood Association, Inc.

1. Each Owner shall be a member of the Association in accordance with the provisions of the Articles. The Association is a Neighborhood Association as defined in the Master Declaration and shall have all of the privileges, duties, and obligations of a Neighborhood Association, as set forth in the Master Declaration.

2. The Association may or may not operate other neighborhoods within the Community of which the Villas Neighborhood is a part and the Members in such neighborhoods shall be members of the Association.

3. Once title to a Neighborhood Common Area(s), or any portion thereof, becomes vested in the Association, such Neighborhood Common Area(s) shall not be abandoned, partitioned, alienated, released, transferred, hypothecated, or otherwise encumbered without first obtaining, until Neighborhood Turnover, the written approval of Declarant, and at least two-thirds (2/3) of the owners of Units in the Neighborhood excluding Declarant; and after Neighborhood Turnover, not less than a majority of the Units in the Neighborhood.

4. The Association shall make available to owners of Units, any Institutional Mortgagee, Declarant and/or the Owners' Association, current copies of the Neighborhood Declaration, By-Laws, other rules concerning the Neighborhood, and the books, records and financial statements of the Association. "Available" as used in this paragraph shall mean available for inspection, upon request, during normal business hours, or under reasonable circumstances.

5. The Association has the irrevocable right of access to each Unit during reasonable hours, when necessary for the maintenance, repair or replacement of any Neighborhood Common Area(s) or for making emergency repairs which are necessary to prevent damage to the Neighborhood Common Areas to another Unit or Units, or to any other portion of the Total Property. The Association's exercise of any right hereunder shall not be deemed a trespass.

IV. EASEMENTS

In addition to those easements established in the Master Declaration, the Neighborhood Property shall also be subject to the easements set forth herein.

A. Perpetual Nonexclusive Easement to Public Ways. The walks and other rights-of-way on the Neighborhood Property shall be and the same are hereby declared and reserved to be subject to a perpetual nonexclusive easement over and across the same for ingress, egress and access to and from the public ways in favor of the Owners' Association, the Association, the Declarant, and the Neighborhood Members for their use and for the use of their families, guests, invitees, and lessees and for all proper and normal purposes. The easement rights hereunder shall be used in a manner consistent with the structural design of any improvements on the Neighborhood Property and shall not be used in a manner so as to create a nuisance.

B. Easements and Cross-Easements on Neighborhood Property. Declarant, for itself, its successors and assigns, the Association, and the Owners' Association, reserves the right to impose upon the Neighborhood Property henceforth and from time to time such easements and cross-easements for ingress and egress and the installation, maintenance, construction and repair of facilities, including, but not limited to, electric power, telephone, governmental purposes and services, sewer, water, gas, drainage, irrigation, lighting, television transmission, limited access assurance services, garbage and waste removal, and the like as it deems to be necessary and proper.

C. Easements for Encroachments. All of the Neighborhood Property shall be subject to easements for encroachments, which now or hereafter exist, caused by settlement or movement of any improvements upon the Neighborhood Property or improvements contiguous thereto, or caused by minor inaccuracies in building or rebuilding of such improvements. The above easements shall continue until such encroachments no longer exist.

1. Each Owner hereby grants to the Owner of the adjacent Lot an easement for the continuance of any encroachment of a Privacy Wall on the adjoining Lot existing as a result of the reconstruction of a Privacy Wall, or which may come into existence thereafter as a result of settling or shifting of the Privacy Wall, or as a result of repair of the Privacy Wall. Additionally, cross-easements of support and use over, upon, across, under, through and into any Privacy Wall in favor of the Owners or their designees for the continued use, benefit and enjoyment and continued support, service, maintenance, repair and design of all Privacy Walls.

2. An easement for encroachments in favor of each Owner exists to the extent that any portion of the Owner's Dwelling Unit, including without limitation courtyards, driveways and walkways, encroaches onto an adjoining Lot, whether such encroachment exists as a result of construction, reconstruction, or inaccuracies in survey or due to settlement or movement. Any easement for encroachment shall also include an easement for maintenance and use of the encroaching improvements in favor of the Association, the Owners and all their designees. Each Owner in whose favor such easement exists covenants and agrees that it will indemnify, defend and hold harmless the Owner of the adjoining Lot from and against any and all claims, suits, actions, causes of action or damages arising from any personal injury, loss of life or damage to property sustained on or about the use or maintenance of such encroachment, and from and against all costs, expenses, counsel fees (including without limitation all trial and appellate levels and whether or not suit be instituted), expenses and liabilities incurred by the Owner of the adjoining Lot arising from any such claim, the investigation thereof, or the defense of any action or proceedings brought thereon, and from and against any orders, judgments or decrees which may be entered thereon.

D. Easement of Enjoyment and Use. Every Owner of a Lot in the Neighborhood shall have a non-exclusive right and easement of enjoyment and use in and to the Neighborhood Common Areas for their intended purposes, which right and easement shall be appurtenant to and shall pass with the title to the Lot, subject to the Master Documents, this Declaration, and all applicable governmental regulations.

E. Easements for Drainage Swale Maintenance. There is hereby created in favor of the Association, its successors and

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assigns, an easement over any portion of the Neighborhood Property, including without limitation the Lots, for access to and maintenance of any portion of Neighborhood Property which is a drainage swale.

F. Easement for Use of Golf Course. Portions of the Neighborhood abut and are adjacent to the Golf Course. Declarant and its assigns shall have a perpetual, non-exclusive easement in their favor to use the Roadways and Entranceways (as those terms are defined in the Master Declaration) as necessary during any golf tournament being held on the Golf Course for the purposes of ingress, egress and access to such tournament. Declarant, the Club members, and the Visitors shall also have a perpetual, non-exclusive easement in their favor over the back thirty (30') feet of the real property of any Lot abutting the Golf Course for the sole purpose of retrieving any golf ball(s), to the extent such easement is reasonably necessary for such retrieval. Any disputes as to the extent of any of these easements during the term of this Declaration shall be determined by Declarant in its sole and absolute discretion. Declarant reserves the right to impose upon the Neighborhood Common Areas such other easements as are required for the enjoyment of use of the Golf Course.

G. Easement for Association Access. The Association shall have a perpetual, nonexclusive easement over every portion of the Neighborhood Property, including the Lots, for the purposes of performing its maintenance responsibilities hereunder, which easement may be used by the Association, its officers, directors, employees, agents and contractors, and entry upon any Lot for such purpose shall not be deemed a trespass. Such easement shall include an easement for maintenance of the decorative wall, as set forth in Article VII(B)(1) herein.

V. OCCUPANCY AND USE RESTRICTIONS

A. Lot Use.

All Lots are restricted to use for a single-family detached residence, occupied by one family. No more than one (1) Dwelling Unit with a private attached garage may be built on a Lot. No Dwelling Unit may exceed 35 feet in height. No buildings accessory to the use of a Dwelling Unit may be erected, except for those buildings, if any, constructed by Declarant on a Lot. A construction shed or trailer may be temporarily placed upon a Lot and remain there during active construction of a residence for a period not to exceed six (6) months; otherwise, no portable buildings, tents, trailers or other temporary buildings may be placed upon a Lot. Further subdivision of any Lot within the Neighborhood is prohibited. All Lots are subject to the requirements of that Plat Agreement between Admiral Corporation and

the County dated November 6, 1989 and recorded in Official Records Book 413, Page 547 of the Public Records of the County.

B. Uses and Other Restrictions.

1. Businesses. No trade, business, professional office, or any other type of commercial activity shall be conducted on any Lot or in any Dwelling Unit; however, notwithstanding this restriction, Declarant and its assigns shall not be prohibited from operating sales models and/or a sales office on any Lot.

2. Contractors. All construction activity must be conducted or supervised by a contractor licensed in the State of Florida. All such contractors must additionally meet the requirement for contractors established by the Design Review Committee, if any. The Unit Owner is responsible to select a contractor who meets the requirements established by the Design Review Committee. NEITHER THE DECLARANT, THE ASSOCIATION, NOR THE OWNERS' ASSOCIATION SHALL BE LIABLE FOR AN OWNER'S FAILURE TO DETERMINE WHETHER THE CONTRACTOR THE OWNER SELECTS IS LICENSED IN THE STATE OF FLORIDA AND OTHERWISE MEETS THE REQUIREMENTS OF THE DESIGN REVIEW COMMITTEE.

3. Development Codes. Any alteration to the exterior appearance of any Structure shall generally not be permitted. No Structure shall be commenced, erected or improved without the prior written approval of the Owners' Association acting through its Design Review Committee, as more specifically set forth in the Master Declaration. An Owner shall be required to comply with the Development Codes, as more fully set forth in the Master Documents, provided, however, that the Board of Directors may promulgate development codes pertaining solely to the Neighborhood Property, subject to Declarant's approval as set forth in the Master Declaration. The criteria for establishing such development codes include considerations relating to: (a) engineering matters, such as Lot elevations; (b) aesthetic matters, such as views of the Golf Course; (c) facilitation of utility and sewer connections; and (d) other matters in Declarant's sole discretion.

4. Drainage Swales. The Association shall maintain any drainage swales within the Neighborhood Property, including those on any Lot. The location, width, depth and invert grades of culverts and dipped driveways shall be maintained as initially installed by Declarant. No driveway shall be constructed, maintained, altered or permitted to exist on any Lot if, in the opinion of Declarant, its obstructs, would obstruct or otherwise impede the flow of surface drainage.

5. Drilling; Mining. No oil drilling, oil development operations, oil refining, quarrying, natural gas or mining operations of any kind shall be permitted upon or in any Lot. To minimize the removal of ground and surface water in any appreciable quantities and avoid unnecessary saltwater intrusion or diminution or material alteration of the aquifer, the construction and/or use of individual wells for any purpose on any Lot is prohibited.

6. Entity Ownership. When legal title to a Lot is in the name of a corporation, trust, partnership or other than an individual or individuals, the Owner shall, by certificate delivered to the Secretary of the Association, designate one (1) family or person as the occupant of the Dwelling Unit. Unless the Board of Directors approves, there may be no more than two (2) such designations in any twelve (12) month period. Except for the designated family or individual, no other family or individual may occupy the Dwelling Unit.

7. Fertilizers. Only biodegradable fertilizers, pesticides and fungicides approved by the United States Environmental Protection Agency and the Florida Department of Environmental Regulation shall be used within the Neighborhood.

8. Garages. The garage door of any Dwelling Unit shall remain closed except when being used for access to or egress from the garage.

9. Golf Course Access. No access to the Golf Course is permitted by way of any Lot, except to the extent access is required to use the easement granted to Declarant in Article IV(F) hereof.

10. Guests. Four (4) occasional guests may be permitted to occupy any Dwelling Unit at any one time. The Association shall be able to promulgate rules and regulations to specify the number of guests permitted and the lengths of their visits.

11. Insurance Rates. An Owner shall not permit or suffer anything to be done or kept on his Lot which will increase the insurance rates on his Lot, the Common Areas or the Neighborhood Common Areas or which will obstruct or interfere with the rights of other Members or the Association.

12. Landscaping; Containers; Garbage. All yards of Lots shall be sodded or otherwise appropriately landscaped and kept as a lawn which shall extend to the curb of the street. No graveled, blacktopped or paved parking strips, except as initially installed by Declarant, are permitted. All garbage, containers, trash containers, oil tanks, gas tanks, and other similar type receptacles must be hidden from view from adjoining properties and the road. All garbage and rubbish contained in a receptacle shall

be placed at curbside or street edge on the morning designated for pickup service. All such receptacles shall be removed from curbside or street edge during the same day as said pickup service.

13. Lot Elevations. To preserve and maintain proper drainage in the Neighborhood, no changes in grades or elevations of any portion of a Lot (including the swale areas) shall be made without the prior written approval of the Design Review Committee. Final floor elevations and all other applicable grades must be shown on the construction drawings and approved by the Design Review Committee prior to construction, except for construction performed by Declarant.

14. Neighborhood Common Areas. Nothing shall be stored, constructed within, or removed from the Neighborhood Common Areas other than by Declarant, the Association or the Owners' Association, except with the prior written approval of Declarant or the Board of Directors.

15. Parking. No motor vehicle or trailer, including but not limited to pick-up trucks, vans, trucks over one ton capacity, trucks used for commercial purposes, boats, campers, motor homes or similar recreational vehicles may be parked or stored on any Lot unless same are parked or stored in an enclosed garage. Notwithstanding the above, personal passenger vehicles, which may include automobiles, pick-up trucks, vans, and jeeps, may be parked on the paved portion of a Lot, provided, however, that no personal passenger vehicle may be parked on the paved portion of a Lot if that vehicle contains any permanent lettering or signs thereon. Parking on an unpaved portion of a Lot is prohibited. On-street parking is prohibited.

16. Pets. An Owner shall be allowed to keep or harbor domesticated household pets in his Unit, subject to the provisions immediately following. Such pet must be walked only in areas designated for such purpose; provided that such pet must be leashed whenever outside the Unit. Any Owner having a pet shall also abide by any Rules promulgated by the Board of Directors in this regard. Violation of this paragraph or of any of said Rules may result in the termination of the Owner's right to keep such pet. An Owner shall not keep any livestock or poultry in his Dwelling Unit or upon his Lot, nor may any of the same be raised, bred, or kept upon the Common Areas or any portion of the Neighborhood Property. A maximum of two (2) dogs, cats or other domesticated household pets may be kept on any Lot or Dwelling Unit. For purposes of this paragraph, a domesticated household pet is an animal which may traditionally be kept within one's Dwelling Unit, such as a dog, cat, bird or hamster.

17. Power Lines. All electric power lines or utility lines, including telephone and cable television, servicing the

Dwelling Unit or any portion of the Lot shall be installed underground.

18. Road Rights-of-Way; Mailboxes. No Person shall place any items, objects or shrubs in or on any road right-of-way, except with the prior written approval of the Design Review Committee. Mailboxes may only be replaced with a mailbox which is the identical type, color and design as that mailbox which was originally installed by Declarant.

19. Rules and Regulations; Conduct. The Association shall, from time to time, promulgate Rules with respect to the Neighborhood as it determines to be in the best interests of the Neighborhood and the Owners. No Owner shall annoy other Members by unreasonable noises or otherwise, nor shall any Owner commit or permit to be committed any nuisance or immoral or illegal act on his Lot or on the Neighborhood Common Areas.

20. Satellite Dishes and Antennae. No electronic, satellite dishes or other type antenna or dish may be erected on a Lot or attached to any Dwelling Unit thereon. Provided, however, any such electronic or other type antenna or dish may be installed within a Dwelling Unit.

21. Signs. No sign of any type shall be erected or displayed on any Lot. No sign shall be placed within a Dwelling Unit which is visible from any other portion of the Total Property.

22. Swimming Pools; Screen Enclosures. Swimming pools, deck area, patios, hot tubs and sun decks must be approved in writing by the Design Review Committee prior to construction, except for those swimming pools, deck areas, patios, hot tubs and sun decks initially constructed by Declarant. None of the Structures described in this paragraph shall be constructed closer than 30 feet from the rear Lot line or side Lot lines; additionally, all swimming pools shall have setbacks of at least 30 feet from the Golf Course and 25 feet from any marsh or wetland. No screen enclosures of any type shall be permitted; except that porches located on the first floor of a Dwelling Unit may be enclosed by a screen enclosure as originally installed by Declarant or approved by the Design Review Committee. Because of the location of various Lots in the Neighborhood, it may be impossible for a swimming pool to be installed on a Lot after the initial conveyance from Declarant. Therefore, Declarant and the Association make no representations as to the ability of an Owner to obtain sufficient access to the rear portion of such Owner's Lot in order to install a swimming pool.

23. Trees. No Person, without the prior written consent of the Design Review Committee, shall remove any live tree with a

trunk of three (3) inches or more in diameter (as measured four (4) feet from ground level) from any Lot.

24. Walls and Fences. No wall or hedge shall be constructed or maintained on any Lot except as originally provided by Declarant. No fence shall be constructed or maintained on any Lot except as originally constructed by Declarant, provided that fences surrounding a swimming pool shall be permitted if: (a) such fences are of the same type, style, material and color of any fence originally installed by Declarant elsewhere on the Lot; and (b) such fence receives the written approval of the Design Review Committee. Any wall or fence permitted hereunder shall have a maximum height equal to that of the Privacy Wall located on the Lot and a minimum height as may be required by the County.

25. Water Management System; Sanctuaries. To reduce damage and prevent injury to the environment, no Sanctuaries or portion of any Water Management System may be cleared, filled or disturbed in any way unless done in accordance with the Order and the Master Documents, and, except for construction activities of Declarant, then approved by the Design Review Committee.

VI. LEASES AND TENANTS

A. Application. This Declaration and the Master Documents shall apply not only to Owners, but also to any lessee or tenant or the party who is occupying a Dwelling Unit by way of lease express or implied, license or invitation.

B. Leasing Requirements and Limitations. Each time an Owner leases his Unit, he shall give written notice of such lease to the Association together with the name and address of the lessee and such other information as the Association may reasonably require on forms that are supplied by the Association. No Owner may lease his Dwelling Unit for a term of less than one (1) month or for a term of more than two (2) years. An Owner may only lease his Dwelling Unit once in any twelve (12) month period. However, if a tenant defaults under the terms of a lease and the lease is therefore prematurely terminated, the Board of Directors may, in its sole discretion, permit a second lease within such twelve (12) month period.

C. Failure to Notify. Failure of an Owner to notify any person of the existence of the provisions of this Declaration shall not in any way act to limit the right of the Association to enforcement of the provisions of this Declaration against such person.

D. Enforcement. The Association may enforce the provisions of this Declaration against any person occupying a Unit whether

Owner, lessee, tenant, invitee, guest or other person. Further, each Owner hereby irrevocably delegates to the Association the power for the Association to enforce any provisions of any lease or license or other agreement permitting occupancy of the Dwelling Unit to the extent it may against an Owner. The right of enforcement includes the right to evict such lessee, tenant, invitee, guest or other such person pursuant to Florida Statutes, in the event any such person violates any of the provisions of this Declaration. Declarant shall be entitled to all costs thereof including, but not limited to, attorneys' fees.

E. Right to Use Facilities. During any period when an Owner has leased his Dwelling Unit or otherwise permitted his Dwelling Unit to be occupied only by someone other than the Owner, such Owner's right to use any of the recreational facilities otherwise available to Owners shall be suspended.

VII. MAINTENANCE, REPAIRS AND ALTERATIONS

A. Owners.

1. Except as set forth below in this Article VII, each Owner shall maintain in good condition and repair and replace at his expense when necessary all portions of his Lot and Dwelling Unit, except for Privacy Walls, landscaping and the decorative wall as more specifically set forth in Paragraph (B) (1) below.

2. Each Owner must perform promptly all such maintenance and repairs which, if not performed, would affect any of the Neighborhood Property, a Tract or a Dwelling Unit or Lot belonging to any other Owner. Each Owner shall be liable for any damages that arise due to his failure to perform the above maintenance, repairs and replacement. Each Lot and Dwelling Unit shall be maintained and repaired as originally installed by Declarant. Each Owner shall pay for any utilities which are separately metered and charged to his Lot or Dwelling Unit.

3. No Owner shall make any alteration in or on the Neighborhood Common Areas, or the portions of a Lot or Dwelling Unit which may be maintained by the Association or the Owners' Association, remove any portion thereof, make any additions thereto or do anything which shall or may jeopardize or impair the safety or soundness of the Neighborhood Property or which, in the sole opinion of the Board of Administrators, would detrimentally affect the architectural design of the Neighborhood Property. Any alteration or addition to the Neighborhood Property by an Owner shall be deemed to detrimentally affect the architectural design of the Neighborhood Property, unless made pursuant to the written approval of the Design Review Committee.

4. No Owner shall paint, stain, alter, decorate, enclose or change the Neighborhood Common Areas.

5. Each Owner shall promptly report to the Association or its agents any defect or need for repair on the Neighborhood Property for which, the Association is responsible to maintain and repair upon the Owner's being aware of such defect or need.

6. Each Owner acknowledges and recognizes that any officer of the Association or any agent of the Board of Directors shall have the irrevocable right to have access to each Lot and Dwelling Unit from time to time during reasonable hours as may be necessary for emergency repairs to prevent damage to the Neighborhood Common Areas, or to another Lot or Dwelling Unit.

B. The Association.

1. The Association shall perform, maintain, repair and replace (except as otherwise specified), as applicable, and charge to the Owners of Lots as part of the Neighborhood Common Expense Assessment (except as otherwise specified), landscaping for all Lots, as planted by Declarant or the Association, and the decorative wall located at the entrance to the Neighborhood (whether such wall be located on a Lot or Neighborhood Common Area). If any damage to such landscaping or decorative wall is caused by any Owner, or such Owner's invitee, licensee or tenant, the costs to remedy such damage shall be assessed against such Owner and his Lot as a Neighborhood Special Assessment in accordance with Article VIII (A)(2) of the Declaration.

2. Except as required of Owners in Paragraph A above, or in the Master Documents, the Association shall repair, maintain and replace as necessary the Neighborhood Common Areas.

3. The Association shall maintain any drainage swales located on the Neighborhood Property, including those located on any Lot. The costs of maintenance of the drainage swales shall be assessed as a Neighborhood Common Expense.

4. The Association shall have the right to make or cause to be made structural changes and improvements of the Neighborhood Common Areas which are approved by the Board of Directors and which do not prejudice the right of any Owner or any Institutional Mortgagee; provided, however, except in the case of an emergency, if the cost of the same shall exceed Ten Thousand and No/100 Dollars (\$10,000.00), the affirmative vote representing seventy-five percent (75%) of the Lots shall be required in addition to such Board approval, and the cost of such alterations and improvements shall be assessed against the Owners in the manner provided in the By-Laws.

C. Privacy Walls.

1. Each wall built as a part of the original construction on any Lot which is designed to separate any two (2) adjoining Lots shall constitute a Privacy Wall, and to the extent not inconsistent with the provisions of this Paragraph (C), the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

2. Except as otherwise provided herein, the Association shall bear the responsibility to repair and maintain the exterior portion of the Privacy Wall. As to the structural and interior portions of the Privacy Wall, the Association shall assess as a Neighborhood Special Assessment the costs of any repair, maintenance or reconstruction equally against each Lot separated by such Privacy Wall. However, if any Owner's negligence or willful misconduct causes any damage to or destruction of a Privacy Wall, such negligent or willful Owner shall be assessed the entire cost of repairing or reconstructing the Privacy Wall.

3. Whenever a Privacy Wall is to be maintained, repaired or reconstructed, same shall be performed with the same or similar materials and quality as the original Privacy Wall. Whenever a Privacy Wall or any part thereof shall be reconstructed, it shall be reconstructed such that it shall be of the same size and shall be located at substantially the same location as initially constructed, and shall be of the same or similar materials and quality as used to initially construct the Privacy Wall.

4. No alterations, additions, or changes shall be made to any Privacy Wall unless agreed to in writing by both Owners sharing the Privacy Wall, and unless such alteration, addition or change is first approved in writing by the Design Review Committee. Notwithstanding anything provided herein, the approval of Owners is not required for the Association to maintain or repair any Privacy Wall.

VIII. NEIGHBORHOOD COMMON EXPENSE ASSESSMENTS,
OPERATING EXPENSES AND OTHER ASSESSMENTS

A. Annual and Special Assessments.

1. Annual Assessments.

(a) The Association, by the Board of Directors, shall prepare and adopt in accordance with the By-Laws annual budgets (the "Budget") for the operation and management of the Association and the Neighborhood which shall set forth Neighborhood Common Expenses. The Budget shall also disclose the Owners' shares

of the Operating Expenses, which are in addition to the Neighborhood Common Expenses and are due to the Owners' Association. The Association's obligation to collect these Operating Expenses is set forth in Article 10.01(d) of the Master Declaration. The total Neighborhood Common Expenses shall be divided equally among all Lots in the Neighborhood. The resulting Owner's share of Neighborhood Common Expenses which is the "Neighborhood Common Expense Assessment" shall be assessed against each Owner annually as part of the Annual Assessment. The Annual Assessment shall also include, in addition to a Neighborhood Common Expense Assessment, such Owners' applicable portion of Operating Expenses, which shall be estimated by the Board of Directors if not yet available from the Owners' Association. If a Tract(s) becomes part of the Neighborhood, Declarant shall have the right in its sole discretion to amend this Declaration to set forth the obligations of such Tract(s) as to Neighborhood Common Expenses.

(b) Neighborhood Common Expenses shall include the funds necessary to establish an adequate reserve fund (the "Reserves") for depreciation or deferred maintenance of the Neighborhood Common Areas and the Structures thereon in an amount determined by the Association, and the Privacy Walls of Dwelling Units in an amount determined by the Association. The Reserves shall be deposited in a separate account in the name of the Association. The monies collected by the Association on account of Reserves shall be and shall remain the exclusive property of the Association, and no Owner shall have any interest, claim or right to such Reserves or any fund composed of same. No Reserves on behalf of a Dwelling Unit are required to be collected until such Dwelling Unit becomes subject to Assessments in accordance with Article VIII(B) below. The Association shall keep a separate ledger for the Reserves collected for each Dwelling Unit as to such Dwelling Unit's Privacy Wall. Provided, however, such Reserves shall remain the exclusive property of the Association, and no Owner shall have any interest, claim or right to such Reserves. If it becomes necessary for the Association to use any Reserves pertaining to a particular Dwelling Unit for such Dwelling Unit's Privacy Wall, and such amount of Reserves pertaining to such Dwelling Unit are insufficient to cover the total cost of the repair or replacement for which such Reserves are being used, the Association shall then assess the balance needed against the Owner of such Dwelling Unit as a Neighborhood Special Assessment.

2. Special Assessments. The Owners shall be obligated to pay such Neighborhood Special Assessments as shall be levied in addition to the Annual Assessment by the Board of Directors against their Unit or Units, whether as a result of (a) extraordinary items of expense, (b) the failure or refusal of other Owners to pay their Annual Assessments, (c) such other reason or basis determined by the Board of Directors which is not inconsistent with the terms of the Master Documents or this Declaration, or (d) Special

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Assessments levied by the Owners' Association pursuant to the Master Documents. Special Assessments and Neighborhood Special Assessments may be assessed against individual Units, a particular group of Units, or all Units within the Neighborhood.

B. Liability for Assessments.

1. By acceptance of a deed or other instrument of conveyance of a Unit, each Owner thereof, other than Declarant, acknowledges that the record owners for each Unit shall be personally liable, jointly and severally, to the Association, for the payment of the Annual Assessment or of any Special Assessments levied against their Unit and for all costs of collecting such Assessments, including but not limited to, interest, late fees and court costs and attorneys' fees at all trial and appellate levels. Annual Assessments shall be payable in not more frequently than monthly installments in advance during the year in which such Annual Assessments apply. In the event of a default by an Owner in the payment of an installment or an Annual Assessment or in the payment of a Neighborhood Special Assessment, the Board of Directors may accelerate any remaining installments of the Annual Assessment or any portion thereof of such Owner, and upon written notice thereof to such Owner, the entire unpaid balance of the Annual Assessment shall become due upon the date stated in such notice, which date shall not be less than ten (10) days after the date of such notice. If any Assessments are not paid within twenty (20) days after their respective due date, the Association, by action of the Board of Directors may proceed to enforce and collect any of such delinquent Assessments or any portion thereof against the Owner owing the same in any manner provided for under Florida law, including foreclosure and sale of the Unit in the same manner as a mortgage is foreclosed under Florida law.

2. By the acceptance of a deed or other instrument of conveyance of a Unit, each Owner thereof, other than Declarant, recognizes and covenants that he is jointly and severally liable with the Owners of all Units in the Neighborhood for the total Annual Assessments. Accordingly, it is recognized and agreed by each Owner, his heirs, executors, successors and assigns that if Owners fail or refuse to pay their Annual Assessments or any portion thereof or their respective portions of any Neighborhood Special Assessments or other Assessments, then the other Owners may be responsible for increased Annual Assessments or other Assessments, due to the nonpayment by such other Owners, and such increased Annual Assessment or Special or other Assessment can and may be enforced by the Association and Declarant in the same manner as all other Assessments hereunder as provided in this Declaration.

3. The Association may at any time require Unit Owners to maintain with the Association a deposit to cover future Assessments.

4. Any and all Assessments made or collected by the Association in accordance with the provisions of this Declaration with interest thereon at the highest rate allowed by law, and if there is no limit established by law, then as established by the Association and costs of collection, including, but not limited to, reasonable attorneys' fees as hereinafter provided, are hereby declared to be a charge and continuing lien upon the Unit against which each such Assessment is made. Each Assessment against a Unit, together with interest thereon at the highest rate allowed by law, and if there is no limit established by law then as established by the Association, and costs of collection thereof, including attorneys' fees as hereinafter provided, shall be the personal obligation of the Owner of each such Unit assessed. Said lien shall be effective only from and after the time of the recordation among the Public Records of Flagler County, Florida, of a written acknowledged claim of lien by the Association setting forth the amount due to the Association as of the date the claim of lien is signed. Upon full payment of all sums secured by that lien, the party making payment shall be entitled to a satisfaction of the claim of lien in recordable form. Notwithstanding anything to the contrary herein contained, when an Institutional Mortgagee holding a first mortgage of record obtains title to a Unit as a result of foreclosure of its mortgage, or by deed in lieu of foreclosure, such acquirer of title, its successors or assigns, shall not be liable for the share of Assessments pertaining to such Unit or chargeable to the former Owner thereof which became due prior to the acquisition of title as a result of the foreclosure or deed in lieu of foreclosure, unless the Assessment against the Unit in question is secured by a claim of lien for Assessments that is recorded prior to the recordation of the subject mortgage.

5. Annexed hereto as Exhibit "E" is a schedule of the Neighborhood Common Expenses ("Original Neighborhood Common Expense Assessment") for the period commencing with the date hereof and ending on December 31, 1990 ("Original Assessment Period"). Notwithstanding the foregoing, Declarant reserves the right in its sole and absolute discretion, to extend the Original Assessment Period beyond December 31, 1990, and thereafter on one or more occasions to again extend it. Declarant shall advise the Association in a written notice of any such extension of the Original Assessment Period and the amount of the new Neighborhood Common Expense Assessment at least thirty (30) days prior to the termination of the Original Assessment Period, or any extension thereof. Thereafter, the amount of such Neighborhood Common Expense Assessment during such extended Original Assessment Period shall be the amount set forth by Declarant in the notice to the Association. Notwithstanding anything contained herein, the Original Assessment Period shall terminate no later than the date of the "Neighborhood Turnover Meeting" as that term is defined in the Articles. Declarant states that during any Original Assessment

Period, the Original Neighborhood Common Expense Assessment will not be increased, except as set forth in this subparagraph 5, and Declarant will pay all Neighborhood Common Expense Assessments not paid for by Original Neighborhood Common Expense Assessments assessed against Unit Owners other than Declarant ("Declarant's Payment"). In no event, however, shall the Original Neighborhood Common Expense Assessment include any amounts attributable to a Special Assessment, Neighborhood Special Assessment, casualty loss, Reserves or liability loss. No Neighborhood Common Expense Assessments shall be made against Units owned by Declarant during the Original Assessment Period or any extension thereof. Upon the termination of Declarant's Payment, Assessments shall be determined as provided in Paragraph A of this Article VIII, the other subparagraphs of this Paragraph B, and the Master Documents. Declarant's payment may be satisfied in the form of a cash subsidy or by "in kind" contributions of services or materials, or by a combination of these. Notwithstanding anything provided herein, Declarant shall not be responsible under any circumstances to fund any portion of reserve contributions. Notwithstanding anything provided herein, Declarant's Payment shall not include any amounts attributable to a Special Assessment, Neighborhood Special Assessment, Reserves, casualty loss or liability loss. The obligation to pay such amounts is solely the obligation of the Owners other than Declarant.

C. Working Capital Fund. The initial grantee of any Dwelling Unit shall be required to pay to the Association for that Dwelling Unit an amount equal to one-sixth (1/6) of the annual Neighborhood Common Expenses due for that Unit. Each Unit's share of the working capital fund must be collected and transferred to the Association at the time of closing of the sale of each Unit and maintained in an account for the use and benefit of the Neighborhood. The purpose of the fund is to insure that the Association Board will have cash available to meet unforeseen expenditures or to acquire additional equipment or services deemed necessary or desirable by the Board for the use and benefit of the Neighborhood. Amounts paid into the working capital fund are not to be considered as advance payment of regular Assessments, or as payment of a portion of the Original Neighborhood Assessments.

IX. LIABILITY INSURANCE

A. The Board of Directors shall obtain liability insurance in such amounts as it may determine from time to time for the purpose of providing liability insurance coverage for all Neighborhood Common Areas in the Neighborhood; provided, however, that such policy or policies shall have limits of not less than One Million Dollars (\$1,000,000.00) covering all claims for personal injury and One Hundred Thousand Dollars (\$100,000.00) for property damage arising out of a single occurrence. The Board of

Directors shall collect and enforce the payment of a share of the premium for such insurance from each Owner as a part of the Annual Assessment. Said insurance shall include, but not be limited to, legal liability for property damage, bodily injuries and deaths of persons in connection with the operation, maintenance or use of any property or improvements within the Neighborhood Common Areas, legal liability arising out of lawsuits related to employment contracts of the Association, water damage, liability for hazards related to usage, and liability for property of others, hired automobile, non-owned automobile and off-premises employee coverage. All such policies shall name the Association (and Declarant, so long as Declarant shall own any Lot or Dwelling Unit, as their respective interests may appear) as the insured under such policy or policies. The original or a true copy of each policy shall be held in the office of the Association. The insurance purchased shall contain a "severability of interest endorsement", or equivalent coverage, which would preclude the insurer from denying the claim of an Owner because of the negligent acts of either the Association, Declarant or any other Owners or deny the claim of either Declarant or the Association because of the negligent acts of the other or the negligent acts of an Owner. All liability insurance shall contain cross liability endorsements to cover liabilities of the Owners as a group to an Owner. Each Owner shall be responsible for the purchasing of liability insurance for accidents occurring in his own Unit and, if the Owner so determines, for supplementing any insurance purchased by the Association.

B. All insurance policies purchased pursuant to this Article shall provide that they may not be cancelled without at least ten (10) days' prior written notice to the Association and to Listed Mortgagees.

**X. CASUALTY INSURANCE AND
DESTRUCTION OF IMPROVEMENTS**

A. Neighborhood Common Areas. The Association shall obtain casualty insurance with such coverage and in such amounts as it may determine from time to time for the purpose of providing casualty insurance coverage for the Neighborhood Common Areas in the Neighborhood, including fire and extended coverage insurance, vandalism and malicious mischief insurance and, if the Association so determines, flood insurance sponsored by the Federal government, all of which insurance shall insure all of the insurable improvements on and within the Neighborhood Common Areas, including personal property owned by the Association, in and for the interest of the Association, all Owners, the Neighborhood, and Institutional Mortgagees, as their interests may appear, in a company acceptable to the standards set by the Board of Directors. The Association shall purchase insurance for any Structure located within the

Neighborhood Common Areas in an amount equal to one hundred percent (100%) of the "Replacement Value" thereof. The term "Replacement Value" shall mean one hundred percent (100%) of the current replacement costs exclusive of land, foundation, excavation, items of personal property and other items normally excluded from coverage as determined annually by the Board of Directors. The Board of Directors may determine the kind of coverage and proper and adequate amount of insurance. The casualty insurance shall contain an "agreed amount endorsement" or its equivalent, "inflation guard endorsement", and if determined necessary, an "increased cost of construction endorsement", or "continuant liability from operation of building laws endorsement" or a "demolition endorsement" or the equivalent. The casualty insurance shall insure any Structure located within the Neighborhood Common Areas from loss or damage caused by or resulting from at least the following: fire and other hazards covered by the standard extended coverage endorsement and by sprinkler leakage, windstorm, vandalism, malicious mischief, flood and/or water damage, debris removal and demolition, and such other risks as shall customarily be covered with respect to projects or developments similar to the structure in construction, location and use.

The Association may, to the extent possible and not inconsistent with the foregoing, obtain one (1) policy to insure all of the insurable improvements within the Neighborhood Common Areas. The premiums for such coverage and other expenses in connection with such insurance shall be paid by the Association and charged to the Owners as part of the Neighborhood Assessments. The company or companies with which the Association shall place its insurance coverage, as provided in this Declaration, and the insurance agent or agents placing such insurance must be authorized to do business in the State of Florida. The Association shall have the right to designate an insurance trustee (the "Insurance Trustee") to act as an insurance trustee in the manner provided in this Declaration, which Insurance Trustee shall be a commercial bank or trust company which is authorized to do business in the State of Florida and, thereafter, at any time and from time to time, the Association shall have the right to change the Insurance Trustee to another such bank or trust company provided such Insurance Trustee shall be acceptable to the Listed Mortgagees holding first mortgages encumbering fifty-one percent (51%) of the Dwelling Units encumbered by first mortgages held by Listed Mortgagees.

B. Special Provisions. All such aforesaid policies shall provide that they may not be cancelled without at least ten (10) days' prior written notice to the Association and Listed Mortgagees and insurance purchased by the Association shall be deposited with the Insurance Trustee upon its written acknowledgement that the policies and any proceeds thereof will be held in accordance with the terms hereof. Said policies shall provide that all insurance

proceeds payable on account of loss or damage shall be payable to the Insurance Trustee, and the Insurance Trustee may deduct from the insurance proceeds collected a reasonable fee for its services as Insurance Trustee. The Board of Directors is hereby irrevocably appointed agent for each Owner to adjust all claims arising under insurance policies, purchased by the Association in which Owners have or may have an interest. The Insurance Trustee shall not be liable in any manner for the payment of any premiums on policies, the renewal of policies, the sufficiency of the coverage of any such policies or any failure to collect any insurance proceeds under any policies.

C. No Participation by Mortgagee. In the event of any damage to the Neighborhood Common Areas, no mortgagee shall have any right to participate in the determination of whether the Neighborhood Common Areas are to be rebuilt nor shall any mortgagee have the right to apply insurance proceeds received by the Insurance Trustee to the repayment of its loan, unless such proceeds are distributed to Owners and/or their respective mortgagees.

D. Use of Proceeds. The duty of the Insurance Trustee shall be to receive any and all proceeds from the insurance policies held by it as such Insurance Trustee and to hold such proceeds in trust for the Association, Owners and Institutional Mortgagees under the following terms:

1. If a loss of Five Thousand Dollars (\$5,000.00) or less as determined by detailed estimates or bids for repair and reconstruction obtained by the Board of Directors occurs to any Neighborhood Common Area or to any Lots and Neighborhood Common Area which are contiguous, the Insurance Trustee shall pay the proceeds received as a result of such loss to the Association. Upon receipt of such proceeds, the Association shall promptly cause the necessary repairs to be made to the Neighborhood Common Areas and to any such damaged contiguous Lots. In such event, should the insurance proceeds be insufficient for the repair of all of the damage to the Lots contiguous thereto, the proceeds shall be applied first to completely repair the Neighborhood Common Areas, and the balance of the funds shall be apportioned by the Association to repair the damage to the Lots, which apportionment shall be made to each Unit in accordance with the proportion of damage sustained by each of such Lots as estimated by the insurance companies whose policies cover such damages. Any deficiency between such proceeds apportioned to a damaged Lot and the cost of the repair of such damaged Lot shall be borne by the Owner of such Lot. Upon satisfactory completion of such repairs, the Association shall provide the Institutional Mortgagee holding the highest dollar indebtedness encumbering the Neighborhood Common Areas with an affidavit stating that the repairs have been completed in a manner acceptable to the Association.

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2. If the Insurance Trustee receives proceeds in excess of Five Thousand Dollars (\$5,000.00) as a result of damages to any Neighborhood Common Areas or to any Lots and Neighborhood Common Areas which are contiguous, then the Insurance Trustee shall hold in trust all insurance proceeds received with respect to such damages together with any and all other monies paid to Insurance Trustee pursuant to the following subparagraph 2(c) and shall distribute such funds in the following manner:

(a) The Board of Directors shall obtain detailed estimates or bids for the cost of rebuilding and reconstruction of such damaged property for the purpose of determining whether such insurance proceeds are sufficient to pay for the same;

(b) If the insurance proceeds are sufficient to rebuild and reconstruct all of such damaged improvements or if the insurance proceeds together with the funds described in subparagraph 2(c) below are sufficient for such purpose, then such damaged improvements shall be completely repaired and restored. The Board of Directors shall negotiate for the repair and restoration of such damaged Neighborhood Common Areas and the Association shall negotiate and enter into a construction contract with a contractor to do the work on a fixed price basis or on any other reasonable terms acceptable to the Board of Directors, which contractor shall post a performance and payment bond with respect to such work. The Insurance Trustee shall disburse the insurance proceeds and other applicable funds held in trust in accordance with provisions for progress payments to be contained in such construction contract; provided, however, prior to any payment of such funds, the payees of such funds shall deliver to the Insurance Trustee any paid bills, waivers of liens under any lien laws and executed affidavits required by law, the Association or any respective Institutional Mortgagees.

(c) If the insurance proceeds are insufficient to repair and replace all of the damaged improvements within the Neighborhood Common Areas alone or to Neighborhood Common Areas and Lots contiguous to such damaged Neighborhood Common Areas, the Board of Directors shall hold a special meeting to determine a Neighborhood Special Assessment against all of the Owners to obtain any necessary funds to repair and to restore such damaged improvements. Such Neighborhood Special Assessment need not be uniform as to all Lots, but may be in accordance with such factors as the Board of Directors shall consider to be fair and equitable under the circumstances. Upon the determination by the Board of the amount of such Neighborhood Special Assessment, the Board of Directors shall immediately levy such Neighborhood Special Assessment against the respective Dwelling Units setting forth the date or dates of payment of the same, and any and all funds received from the Owners pursuant to such Neighborhood Special

Assessment shall be delivered to the Insurance Trustee and disbursed as provided in subparagraph 2(b) immediately preceding. If the deficiency between the estimated cost of the repair and replacement of the damaged Neighborhood Common Areas and the insurance proceeds exceeds the sum of Fifty Thousand (\$50,000.00) Dollars, and Owners of three-fourths (3/4) of the Lots advise the Board of Directors in writing on or before the date for the first payment thereof that they are opposed to a Neighborhood Special Assessment, then the Insurance Trustee shall divide the net insurance proceeds into as many shares as there are Lots existing in the Neighborhood and shall promptly pay each share of such proceeds to the Owners and Institutional Mortgagees of record as their interests may appear (an "Insurance Proceeds Distribution"). In making such distribution to the Owners and the Institutional Mortgagees, the Insurance Trustee may rely upon a certificate of an abstract company as to the names of the then Owners and their respective Institutional Mortgagees. Any Insurance Proceeds Distribution shall also require the approval of Listed Mortgagees holding first mortgages encumbering fifty-one percent (51%) of the Units encumbered by first mortgages held by Listed Mortgagees.

3. If after the completion of and payment for the repair and reconstruction of the damage to the Neighborhood Common Areas, and after the payment of the Insurance Trustee's fee with respect thereto, any excess insurance proceeds remain in the hands of the Insurance Trustee, then such excess shall be disbursed in the manner of the Insurance Proceeds Distribution. However, if such repairs and replacements were paid for by any Special Assessment as well as by the insurance proceeds, then it shall be presumed that the monies disbursed in payment of any repair, replacement or reconstruction were first disbursed from insurance proceeds and any remaining funds held by the Insurance Trustee shall be distributed to the Owners in proportion to their contributions by way of a Neighborhood Special Assessment.

4. If the Insurance Trustee has on hand, within ninety (90) days after any casualty or loss, insurance proceeds and, if necessary, funds from any Neighborhood Special Assessment sufficient to pay for any required restoration and repair with respect to such casualty or loss, then no mortgagee shall have the right to require the application of any insurance proceeds or Neighborhood Special Assessment to the payment of its loan. Any provision contained herein for the benefit of any Institutional Mortgagee may be enforced by an Institutional Mortgagee.

5. Any repair, rebuilding or reconstruction of damaged Neighborhood Common Areas shall be substantially in accordance with the architectural plans and specifications for (a) the originally constructed Neighborhood Common Areas, (b) reconstructed Neighborhood Common Areas or (c) new plans and specifications approved by the Board of Directors; provided, however, any material

or substantial change in new plans and specifications approved by the Board of Directors from the plans and specifications or previously constructed Neighborhood Common Areas shall require approval by Listed Mortgagees holding first mortgages encumbering fifty-one (51%) of the Units encumbered by first mortgage held by Listed Mortgagees.

6. The Board of Directors shall determine, in its sole and absolute discretion, whether damage or loss has occurred to improvements within Lots or Neighborhood Common Areas alone or to improvements within Neighborhood Common Areas and Lots contiguous thereto.

E. Dwelling Units.

1. Each Owner shall be required to obtain and maintain adequate insurance of his Dwelling Unit which shall insure the property for its full replacement value, with no deductions for depreciation, against loss by fire, flood or other hazards. Such insurance shall be sufficient to cover the full replacement value, or for necessary repair or reconstruction work. Such insurance shall be written in the manner acceptable to the Board of Directors of the Association and shall contain a clause which provides ten (10) days prior written notice to the Board of Directors of the Association before the policy can be cancelled. Each Owner shall be required to supply the Board of Directors with evidence of insurance coverage on his Dwelling Units which complies with the provisions of this Paragraph (E).

If the insurance provided under this Paragraph (E) has not otherwise been adequately obtained by each Owner, as determined by the Board of Directors, then the Board shall obtain such insurance coverage. Insurance obtained by the Board of Directors shall be written in the name of the Association as Trustee for the benefit of the applicable Owner.

2. The insurance referred to in subsection (1) above shall be written in a manner acceptable to the Association. The Association shall carry out the functions set forth hereafter.

(a) Each policy shall contain a loss payment provision which provides that the proceeds of any loss shall be payable to the Association who shall hold such funds in trust to insure that repairs are made as hereinafter set forth. Each policy shall also contain a clause that it is non-cancellable without ten (10) days prior written notice to the Association. Each Owner shall be required to supply the Association with evidence of insurance coverage on his Dwelling Unit which complies with the provisions of this Paragraph (E).

(b) If the insurance provided under this Paragraph (E) has not otherwise been adequately obtained by each Owner, as determined by the Board of the Directors of the Association, then the Board of Directors of the Association shall obtain such insurance coverage. The purpose of such insurance will be to protect, preserve and provide for the continued maintenance and support of separately owned Dwelling Units. Insurance obtained by the Board of Directors of the Association shall be written in the name of the Association, as Trustee, for the benefit of the applicable Owner.

(c) Premiums for insurance obtained by the Board of Directors of the Association, as provided hereinabove, shall not be a part of the Neighborhood Common Expenses, but shall be levied against the applicable Owner as a Neighborhood Special Assessment payable in accordance with the provisions of Article VIII of this Declaration.

(d) Each Owner shall be required to reconstruct or repair any Dwelling Unit destroyed by fire, flood or other casualty, covered by insurance written in the name of the Association, as Trustee. The insurance proceeds shall be deposited in a bank or other financial institution, subject to withdrawal only by the signature(s) of an agent(s) duly authorized by the Board of Directors of the Association. If no repair or rebuilding has been contracted for or otherwise substantially started by the Owner for any reason, within thirty (30) days after the Association receives the insurance proceeds, the Board of Directors of the Association shall itself initiate the repair or rebuilding of the damaged or destroyed portions of the Dwelling Unit in a good and workmanlike manner in conformance with Declarant's original plans and specifications. The Board of Directors of the Association may advertise for sealed bids from any licensed contractors and may then negotiate with said contractors. The contract or contracts selected to perform the work shall provide full performance and payment bonds for such repair or rebuilding, unless such requirement is waived by the Board of Directors of the Association. In the event the insurance proceeds are insufficient to fully pay the costs of repairing and/or rebuilding the damaged or destroyed portions in a good and workmanlike manner, the Board of Directors of the Association shall levy a Neighborhood Special Assessment against the Owner in whatever amount is required to make up the deficiency. If the insurance proceeds exceed the cost of repairing and/or rebuilding, such excess shall be paid over to the respective Owner and/or the Owner's mortgagee in such portions as shall be independently determined by those parties.

(e) In the event of damage or destruction by fire, flood or other casualty to any Dwelling Unit covered by adequate insurance written in the name of the individual Owner thereof, then such Owner shall, within thirty (30) days of the receipt of the

insurance proceeds, contract for or otherwise substantially start the repair or rebuilding of the damaged or destroyed portions of the structure and/or exterior of the Dwelling Unit in a good and workmanlike manner in conformance with the original plans and specifications. If such Owner refuses or fails, for any reason, to so repair or rebuild as provided, then the Association by and through its Board of Directors is hereby irrevocably authorized by such Owner to repair and rebuild such damage or destroyed portions of the dwelling structure in a good and workmanlike manner in conformance with Declarant's original plans and specifications thereof. The Board of Directors shall levy a Neighborhood Special Assessment against the Owner in whatever amount sufficient to adequately pay for such repair or rebuilding of this type.

3. Should the Association obtain the insurance coverage on a Dwelling Unit pursuant to this Paragraph (E), then the Association may charge and the applicable Owner shall be responsible for, as a Neighborhood Special Assessment, an administration fee of \$100.00.

4. Notwithstanding anything to the contrary in this Paragraph (E), Declarant and the Association, its Directors or Officers, shall not be liable to any Person should it fail for any reason whatsoever to obtain insurance coverage on a Dwelling Unit.

XI. AMENDMENTS OF THE DECLARATION

A. Prior to the time one hundred (100%) percent of all Dwelling Units to be built in the Neighborhood have been conveyed to Persons other than Declarant, Declarant alone may amend this Declaration, with the consent or approval of no other Person being required. This amendment shall be signed by Declarant alone and a copy of the amendment shall be furnished to each Owner of a Lot within the Neighborhood and the Association as soon after recording thereof amongst the Public Records of Flagler County, Florida as practicable.

B. Except as to matters described in Paragraphs A, C, D, E, F and G of this Article XI, and as may be provided elsewhere in this Declaration and the Master Declaration, this Declaration may be amended by the affirmative vote of not less than the Owners of three-fourths (3/4) of all Lots within the Neighborhood. Such vote shall be taken at any regular or special meeting of the Owners called and held in accordance with the By-Laws; provided, however, that any such amendment shall also be approved or ratified by a majority of the Board of Directors. Such amendment shall be evidenced by a certificate executed by the Association in recordable form, and a true copy of such amendment shall be mailed via certified mail by the Association to Declarant. The amendment shall become effective upon the recording of such certificate

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amongst the Public Records of Flagler County, Florida; provided, however, such certificate shall not be so recorded until thirty (30) days after the mailing of a copy thereof to Declarant unless such thirty (30) day period is waived in writing by Declarant.

C. Whenever it shall appear to the Board of Directors that there is a defect, error or omission, being in the nature of a scrivener's error, in this Declaration or any other documentation required by law to establish this Declaration, the Association, through its Board of Directors, shall immediately call a special meeting of the Owners to consider amending the Declaration or such other documents. Upon the affirmative vote of the Owners of at least one-fourth (1/4) of the Lots within the Neighborhood, with more such affirmative votes than negative votes, the Association shall amend the appropriate documents to correct such defect, error or omission, and a true copy of such amendment shall be mailed by the Association to Declarant. Such amendment shall become effective upon the recording of the certificate amongst the Public Records of Flagler County, Florida, but such certificate shall not be recorded until thirty (30) days after the mailing of a copy thereof to Declarant, unless such thirty (30) day period is waived in writing by Declarant.

D. No amendment of this Declaration or any Article or portion hereof shall be passed which shall impair or prejudice the rights or priorities of Declarant or Institutional Mortgagees or prejudice the Association or the Hammock Dunes Club without the specific written approval of Declarant or the Institutional Mortgagees or the Association or the Hammock Dunes Club, as the case may be.

E. Supplements are not amendments and need only be executed by Declarant alone.

F. Declarant may, in its sole discretion, with the consent of no other Person being required, amend this Declaration if necessary to do so for purposes of fulfilling the requirements of any governmental or quasi-governmental entity, including, but not limited to, the Federal National Mortgage Association (FNMA), the Federal Home Loan Mortgage Corporation (FHLMC), the Department of Housing and Urban Development (HUD), the Veterans Administration (VA), and the Federal Housing Administration (FHA). Nothing contained herein, however, shall require Declarant to amend this Declaration for any purpose whatsoever.

G. This Declaration may be amended in the same manner as required for an amendment to the By-Laws when the Declaration is being amended solely for the purpose of setting forth or affixing an amendment of the By-Laws thereto.

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XII. RIGHT OF DECLARANT TO TRANSACT BUSINESS AND TO SELL OR LEASE UNITS OWNED BY IT FREE OF RESTRICTIONS SET FORTH IN ARTICLES V AND VI

A. The provisions, restrictions, terms and conditions of Articles V and VI hereof shall not apply to Declarant as an Owner, and in the event and so long as Declarant shall own any Lot, whether by reacquisition or otherwise, Declarant shall have the absolute right to lease, sell, convey, transfer, mortgage or encumber in any way any such Lot upon any terms and conditions as it shall deem to be in its own best interests.

B. Notwithstanding the other provisions of this Declaration, Declarant reserves and Declarant and its nominees shall have the right to enter into and transact on the Neighborhood any and all business necessary to consummate the sale, lease or encumbrance of Lots or real property on the Total Property including, but not limited to, the right to maintain models, a sales area and a sales office, place signs, employ sales personnel, use the Neighborhood Common Areas and show Lots or Dwelling Units, and Declarant reserves and shall have the right to make repairs and carry on construction activity. Declarant and its nominees may exercise the foregoing rights without notifying the Association. Any such models, sales area, sales office, signs and any other items pertaining to such sales and construction efforts shall not be considered a part of the Neighborhood Common Areas and shall remain the property of Declarant. Paragraphs A and B of this Article may not be suspended, superseded or modified in any manner by any amendment to this Declaration unless such amendment is consented to in writing by Declarant. This right of use and transaction of business as set forth in this Paragraph B, the provisions of Paragraph A of this Article and the other rights reserved by Declarant in the Neighborhood Documents may be assigned in writing by Declarant in whole or in part.

XIII. RIGHTS OF INSTITUTIONAL MORTGAGEES

A. The Association shall be required to make available for inspection upon request, during normal business hours or under reasonable circumstances, the Declaration and the books, records and financial statements of the Association to the Owners and Institutional Mortgagees. In addition, evidence of insurance shall be issued to each Owner and mortgagee holding a mortgage encumbering a Unit upon written request to the Association.

B. Upon written request to the Association, any Institutional Mortgagee shall be entitled to financial statements for the immediately preceding fiscal year to be given within a reasonable time period.

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C. Upon written request to the Association, identifying the name and address of the Institutional Mortgagee and the legal description of such Unit, the Association shall provide such Institutional Mortgagee with timely written notice of the following:

1. Any condemnation, loss or casualty loss which affects any material portion of the Neighborhood Common Area;
2. Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;
3. Any proposed action which would require the consent of mortgagees holding a mortgage encumbering a Unit;
4. Any failure by an Owner owning a Unit encumbered by a mortgage held, insured or guaranteed by an Institutional Mortgagee to perform his obligations under this Declaration, including, but not limited to, any delinquency in the payment of Annual Assessments or Neighborhood Special Assessments, or any other charge owed to the Association by said Owner when such failure or delinquency has continued for a period of sixty (60) days.

D. Declarant and any Institutional Mortgagee shall have the right, but not the obligation, jointly or singularly, and at their sole option, to pay any of the assessments which are in default and which may or have become a charge against any Unit. Further, Declarant and any Institutional Mortgagees shall have the right, but not the obligation, jointly or singularly, and at their sole option, to pay insurance premiums or fidelity bond premiums on behalf of the Association when, in regard to insurance premiums, the premiums are overdue and when lapses in policies may or have occurred. Declarant and any Institutional Mortgagees paying insurance premiums on behalf of the Association as set forth above shall be entitled to immediate reimbursement from the Association plus any costs of collection, including, but not limited to, reasonable attorneys' fees at all trial and appellate levels.

XIV. GENERAL AND PROCEDURAL PROVISIONS

A. Declaration Runs with Committed Property.

The covenants, reservations, restrictions and other provisions of this Declaration shall run with and bind the Land and shall inure to the benefit of Declarant and all Owners, their respective legal representatives, heirs, successors and assigns, for a term of thirty (30) years from the date this Declaration is recorded, after which time this Declaration shall automatically be extended

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For successive periods of ten (10) years, unless an instrument signed by the Owners of at least two-thirds (2/3) of all Lots within the Neighborhood has been recorded agreeing to change or terminate (if not prohibited by other provisions of this Declaration or the Master Declaration) this Declaration in whole or in part; provided, however, that the Board of Directors must first approve such termination by a vote of two-thirds (2/3) of the entire Board of Directors taken at a special meeting called for that purpose, which meeting must be held prior to the obtaining of written consent from the Owner.

B. Condemnation.

If the Association receives any award or payment arising from any taking of the Neighborhood Common Areas or any part thereof as a result of the exercise of the right of condemnation or eminent domain, the net proceeds thereof shall first be applied to the restoration of the remaining Neighborhood Common Areas and improvements thereon to the extent deemed advisable by the Association and the remaining balance of such net proceeds, if any, shall then be held by the Association for the use of the Association.

C. Non-liability of Declarant. Declarant shall not in any way or manner be held liable or responsible for any violation of this Declaration by any Person other than Declarant.

D. Enforcement.

1. Declarant reserves unto itself and its designees the right and the power (i) to enforce the covenants, conditions, restrictions, and other provisions of this Declaration, and (ii) to delegate or assign, either exclusively or non-exclusively, any or all of its rights, powers, duties or privileges hereunder to the Association, Owner, or to any other designee.

2. If Declarant does not enforce the covenants, conditions, restrictions or other provisions of this Declaration, then the following parties may in the following priority enforce same as hereinafter set forth: (i) the Owners' Association; (ii) the Association; or (iii) an Owner. If a party with a lesser priority desires to enforce this Declaration, then that party must first give thirty (30) days written notice to the parties with higher priority, starting first with Declarant, that the noticing party intends to initiate enforcement upon the expiration of such thirty (30) days, and if during such period the parties with the higher priority do not initiate enforcement procedures then the party of the lesser party may so initiate such enforcement procedures. A party not initiating enforcement procedures shall incur no liability whatsoever for such non-enforcement.

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3. Declarant, its designees or any other party having the right to enforce this Declaration, if any, pursuant to subparagraph 2 above, shall have the right and the power to enforce the covenants, conditions, restrictions and other provisions imposed by this Declaration by any proceeding at law or in equity against any Person, or entity violating or attempting violation of such provisions, and to enforce any lien created by this Declaration or the Master Declaration. Failure by Declarant, or the Owners' Association, or the Association, to enforce any of such provision shall in no event be deemed a waiver of its right to do so thereafter.

4. The cost and attorneys' fees, including those resulting from any appellate proceedings, incurred by Declarant or its designees or party having the right to enforce this Declaration, if any, pursuant to subparagraph 2 above, who prevails in any such enforcement action, and any action against a Person or entity to enforce any provisions of this Master Declaration shall be a personal obligation of such Person which shall be paid by such Person.

E. Fines. In addition to all other remedies provided for in this Declaration and the Master Declaration, the Association shall have the right to impose a fine on a Owner for failure of a Owner, or his family members, guests, invitees, tenants and licensees to comply with any provisions of this Declaration; provided, however, the Association grants reasonable notice and opportunity to be heard. The decisions of the Association shall be final. Fines shall be in such reasonable amounts as the Association shall determine. Fines shall be considered as Neighborhood Special Assessments against the Owner's Unit. The Association shall have the right to collect fines in the same manner as set forth in Article 9.03 of the Master Declaration.

F. Severability. If any provision of this Declaration is held to be invalid in whole or in part by any court of competent jurisdiction, then such holdings shall in no way affect the validity of the remaining provisions of this Declaration, all of which shall remain in full force and effect, and such holdings shall be limited to its most narrow application.

G. Dissolution. In the event of a dissolution of the Association, each Unit shall continue to be subject to the Assessments specified in this Declaration and the Master Declaration, and each Member shall continue to be personally obligated to Declarant or the successors or assigns of the Association, as the case may be, or such Assessment to the extent that such Assessments are required to enable Declarant or any such successors or assigns acquiring any real property previously owned by the Association to properly maintain, operate and preserve it. The provisions of this paragraph shall only apply with regard to

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the maintenance, operation and preservation of property which has been Common Areas or Neighborhood Common Areas and continues to be so used for the common use and enjoyment of the Owners in the Neighborhood.

H. Gender. Wherever in this Declaration the context so requires, the singular number shall include the plural, and the converse; and the use of one gender shall be deemed to include the other gender.

I. Construction.

1. The provisions of this Declaration shall be liberally interpreted and construed to provide maximum flexibility consistent with Declarant's general plan for development of the Total Property and the Neighborhood and the purposes set forth herein, including the preamble.

2. If any court should hereafter determine that any provision of this Declaration is in violation of the rule of property known as the "rule against perpetuities" or any other rule of law because of the duration of a time period, such provision shall not thereby become invalid, but instead the duration of such time period shall be reduced to the maximum period allowed under such rule of law, and in the event the determination of the duration of such time period requires measuring lives, such measured lives shall be those of the incorporators of the Association.

J. Interpretation. Article, paragraph, and subparagraph titles in this Declaration are intended only for convenience and in no way do such titles define, limit, or in any way affect this Declaration or the meaning or contents of any material contained herein.

K. Approval of Association Lawsuits by Neighborhood Members. The Association shall be required to obtain the approval of three-fourths (3/4) of the number of Neighborhood Members (at a duly called meeting at which a quorum is present) prior to the payment of legal or other fees to Persons engaged by the Association for the purpose of suing, or making, preparing or investigating any lawsuit, or commencing any lawsuit other than for: (a) the collection of Neighborhood Common Expense Assessments; (b) the collection of other charges which Neighborhood Members are obligated to pay pursuant to the Master Documents and this Declaration; (c) the enforcement of the use and occupancy restrictions contained in this Declaration and the Master Documents; or (d) in an emergency where waiting to obtain the approval of the Neighborhood Members would create a substantial risk of irreparable injury to the Neighborhood.

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L. Notices.

1. To Declarant: Notice to Declarant shall be in writing and delivered or mailed to Declarant at its principal place of business as shown by the records of the Secretary of State of Florida, or at any other location designated by Declarant.

2. To Association: Notice to the Association shall be in writing and delivered or mailed to the Association at its principal place of business as shown by the records of the Secretary of State of Florida, or at any other location designated by the Association.

3. To Neighborhood Member: Notice to any Neighborhood Member of a violation of any of these restrictions, or any other notice as may be required herein, shall be in writing and delivered or mailed to the Owner at the address shown on the tax rolls of the County or to the address of the Neighborhood Member, as shown on the deed recorded in the Public Records of the County, or to the address of the Neighborhood Member as filed with the Secretary of the Association, or if a Neighborhood Member is a corporation, to its principal place of business as shown by the records of the Secretary of State of Florida or its state of incorporation.

M. Security. The Association may, but shall not be obligated to, maintain or support certain activities within the Neighborhood designed to make the Neighborhood safer than they otherwise might be. Declarant and the Association do not currently intend for there to be any specific security activities undertaken within the Neighborhood; each Owner is responsible to provide its own security measures. Declarant shall not in any way or manner be held liable or responsible for any violation of this Declaration by any Person other than Declarant. Additionally, NEITHER DECLARANT NOR THE ASSOCIATION MAKE ANY REPRESENTATIONS WHATSOEVER AS TO THE SECURITY OF THE PREMISES OR THE EFFECTIVENESS OF ANY MONITORING SYSTEM OR SECURITY SERVICE. ALL MEMBERS AGREE TO HOLD DECLARANT AND THE ASSOCIATION HARMLESS FROM ANY LOSS OR CLAIM ARISING FROM THE OCCURRENCE OF ANY CRIME OR OTHER ACT. NEITHER THE ASSOCIATION, THE DECLARANT, NOR ANY SUCCESSOR DECLARANT SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN THE PROPERTIES. NEITHER THE ASSOCIATION, THE DECLARANT, NOR ANY SUCCESSOR DECLARANT SHALL BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OR FAILURE TO PROVIDE ADEQUATE SECURITY OR INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN. ALL MEMBERS, OWNERS AND OCCUPANTS OF ANY UNIT, TENANTS, GUESTS AND INVITEES OF ANY OWNER, AS APPLICABLE, ACKNOWLEDGE THAT THE ASSOCIATION AND ITS BOARD OF DIRECTORS, DECLARANT, OR ANY SUCCESSOR DECLARANT DO NOT REPRESENT OR WARRANT THAT ANY FIRE PROTECTION SYSTEM, BURGLAR ALARM SYSTEM OR OTHER SECURITY SYSTEM, IF ANY, DESIGNATED BY OR INSTALLED ACCORDING TO GUIDELINES ESTABLISHED BY THE DECLARANT MAY NOT BE COMPROMISED OR CIRCUMVENTED, THAT ANY FIRE PROTECTION OR BURGLAR

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ALARM SYSTEMS OR OTHER SECURITY SYSTEMS WILL PREVENT LOSS BY FIRE, SMOKE, BURGLARY, THEFT, HOLD-UP, OR OTHERWISE, NOR THAT FIRE PROTECTION OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS WILL IN ALL CASES PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED. EACH MEMBER, OWNER AND OCCUPANT OF ANY UNIT, AND EACH TENANT, GUEST AND INVITEE OF AN OWNER, AS APPLICABLE, ACKNOWLEDGES AND UNDERSTANDS THAT THE ASSOCIATION, ITS BOARD OF DIRECTORS AND COMMITTEES, DECLARANT, OR ANY SUCCESSOR DECLARANT ARE NOT INSURERS AND THAT EACH OWNER AND OCCUPANT OF ANY UNIT AND EACH TENANT, GUEST AND INVITEE OF ANY OWNER ASSUMES ALL RISKS FOR LOSS OR DAMAGE TO PERSONS, TO UNITS AND TO THE CONTENTS OF UNITS AND FURTHER ACKNOWLEDGES THAT THE ASSOCIATION, ITS BOARD OF DIRECTORS AND COMMITTEES, DECLARANT, OR ANY SUCCESSOR DECLARANT HAVE MADE NO REPRESENTATIONS OR WARRANTIES NOR HAS ANY OWNER, OCCUPANT, TENANT, GUEST OR INVITEE RELIED UPON ANY REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTY OR MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, RELATIVE TO ANY FIRE AND/OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS RECOMMENDED OR INSTALLED OR ANY SECURITY MEASURES UNDERTAKEN WITHIN THE NEIGHBORHOOD.

IN WITNESS WHEREOF, Declarant has caused these presents to be signed in its name and on its behalf of its Executive Vice President and attested to by its Secretary and its corporate seal affixed this 6th day of December, 1989.

Signed, sealed and delivered in the presence of:

Michael J. Wonsko
Frederick J. [unclear]
Victoria L. Gaed
Karen A. Harper

DECLARANT:

ITT COMMUNITY DEVELOPMENT CORPORATION, a Delaware corporation

By: John Gazzoli
John Gazzoli, Executive Vice President

Attest: Robert G. Cuff, Jr.
Robert G. Cuff, Jr. Secretary

[SIGNATURES CONTINUED ON NEXT PAGE]



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Caro R Smith
[Signature]
Victoria P. Gadd
Karen B. Harper

JOINED BY:

VILLAS NEIGHBORHOOD ASSOCIATION, INC., a Florida corporation not for profit

By: John L. Schlegel
John L. Schlegel, President

Attest: Lea Stokes
Lea Stokes, Secretary
[SEAL]

[Signature]
Don McGee

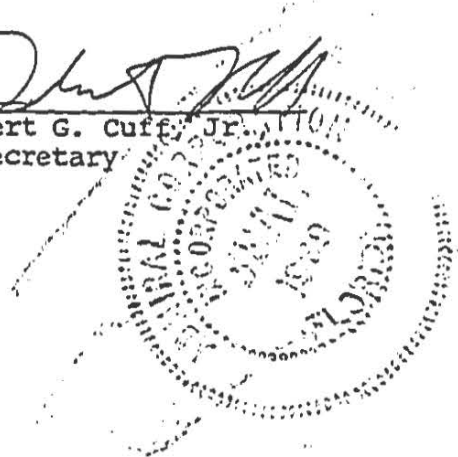
ADMIRAL CORPORATION, a Florida corporation

By: Don McGee
Don McGee, Executive Vice President

Victoria P. Gadd
Karen B. Harper

Attest: Robert G. Cuff, Jr.
Robert G. Cuff, Jr., Secretary

RECORDED



STATE OF FLORIDA)
)SS:
COUNTY OF FLAGLER)

I HEREBY CERTIFY that on this day personally appeared before me, an officer duly authorized to take acknowledgements, John Gazzoli, and Robert G. Cuff, Jr., the Executive Vice President and Secretary respectively, of ITT COMMUNITY DEVELOPMENT CORPORATION, a Delaware corporation, to me known to be the persons who signed the foregoing instrument as such officers, and they severally acknowledged that the execution thereof was their free act and deed as such officers for the uses and purposes therein expressed and

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that the said instrument is the act and deed of said Delaware corporation.

WITNESS my hand and official seal in the County and State last aforesaid this 6th day of December, 1989.



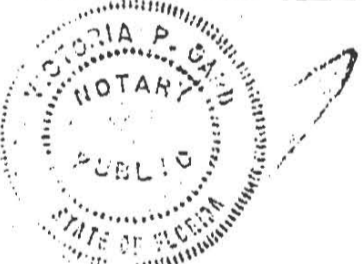
Victoria P. Gard
Notary Public
My Commission Expires: [SEAL]

Notary Public, State of Florida
My Commission Expires June 1, 1992
Bonded thru Troy Fala - Insurance Inc.

STATE OF FLORIDA)
)SS:
COUNTY OF FLAGLER)

I HEREBY CERTIFY that on this day personally appeared before me, an officer duly authorized to take acknowledgements, John L. Schlegel and Lea Stokes, the President and Secretary respectively, of VILLAS NEIGHBORHOOD ASSOCIATION, INC., a Florida corporation not for profit, to me known to be the persons who signed the foregoing instrument as such officers, and they severally acknowledged that the execution thereof was their free act and deed as such officers for the uses and purposes therein expressed and that the said instrument is the act and deed of said Florida corporation.

WITNESS my hand and official seal in the County and State last aforesaid this 6th day of December, 1989.



Victoria P. Gard
Notary Public
My Commission Expires: [SEAL]

Notary Public, State of Florida
My Commission Expires June 1, 1992
Bonded thru Troy Fala - Insurance Inc.

STATE OF FLORIDA)
)SS:
COUNTY OF FLAGLER)

I HEREBY CERTIFY that on this day personally appeared before me, an officer duly authorized to take acknowledgements, Don McGee and Robert G. Cuff, Jr., the Executive Vice President and Secretary respectively, of ADMIRAL CORPORATION, a Florida corporation, to me

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known to be the persons who signed the foregoing instrument as such officers, and they severally acknowledged that the execution thereof was their free act and deed as such officers for the uses and purposes therein expressed and that the said instrument is the act and deed of said Florida corporation.

WITNESS my hand and official seal in the County and State last aforesaid this 6th day of December, 1989.



Victoria P. Gard
Notary Public
My Commission Expires:

Notary Public, State of Florida
My Commission Expires June 1, 1992
Bunded Thru Troy Fain - Insurance Inc.

[SEAL]

FCC RD

wp50\villas\villas.dec/16
11/22/89:lo

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---DESCRIPTION ---

A parcel of land lying in Government Section 4, Township 11 South, Range 31 East, Flagler County, Florida, more particularly described as follows:

As a POINT OF REFERENCE being the Southeast corner of Government Section 38, Township 11 South, Range 31 East, thence North $20^{\circ}38'59''$ West along the East line of said Section 38 a distance of 2849.56 feet, thence departing said Section line North $69^{\circ}21'01''$ East a distance of 162.70 feet to the POINT OF BEGINNING of the following description, thence North $25^{\circ}19'12''$ West a distance of 280.90 feet, thence North $64^{\circ}40'48''$ East a distance of 27.41 feet, thence North $16^{\circ}08'47''$ East a distance of 83.84 feet to a Point of curvature, concave Southeasterly, having a radius of 100.00 feet and a central angle of $53^{\circ}22'30''$, thence Northerly along the arc of said curve to the right a distance of 93.16 feet said arc subtended by a chord bearing of North $42^{\circ}50'03''$ East and a chord distance of 89.83 feet to a Point of tangency, thence North $69^{\circ}31'18''$ East a distance of 229.63 feet to a Point of curvature, concave Southerly, having a radius of 100.00 feet and a central angle of $26^{\circ}38'58''$, thence Easterly along the arc of said curve to the right a distance of 46.51 feet, said arc subtended by a chord bearing of North $82^{\circ}50'47''$ East and a chord distance of 46.09 feet to a Point of tangency, thence South $83^{\circ}49'44''$ East a distance of 136.63 feet to a Point on a curve, concave Westerly, having a radius of 546.00 feet and a central angle of $35^{\circ}21'42''$, thence Southerly along the arc of said curve to the right a distance of 336.98 feet said arc subtended by a chord bearing of South $08^{\circ}24'16''$ West and a chord distance of 331.66 feet to a Point of tangency, thence South $26^{\circ}05'07''$ West a distance of 28.14 feet, thence North $63^{\circ}54'53''$ West a distance of 72.81 feet, thence South $36^{\circ}03'47''$ West a distance of 186.92 feet to a Point of curvature, concave Northerly, having a radius of 50.00 feet and a central angle of $89^{\circ}55'45''$, thence Southwesterly along the arc of said curve to the right a distance of 78.48 feet said arc subtended by a chord bearing of South $81^{\circ}01'39''$ West and a chord distance of 70.67 feet to a Point of tangency, thence North $54^{\circ}00'29''$ West a distance of 38.88 feet, thence South $64^{\circ}40'48''$ West a distance of 53.30 feet to the POINT OF BEGINNING.

Parcel containing 4.0778 acres more or less.

Exhibit A

Sheet 1 of 5

DESCRIPTION

A parcel of land lying in Government Sections 38 and 4, Township 11 South, Range 31 East, Flagler County, Florida, being more particularly described as follows:

A POINT OF REFERENCE being the Southeast corner of said Government Section 38, Township 11 South, Range 31 East, thence North 20°38'59" West along the Easterly line of said Government Section 38 a distance of 2181.11 feet to the POINT OF BEGINNING of the following description, thence departing said Section line North 61°54'56" West a distance of 190.73 feet to a Point of curvature, concave Southerly, having a radius of 295.00 feet and a central angle of 52°08'31", thence Northwesterly along the arc of said curve to the left a distance of 268.46 feet, said arc subtended by a chord bearing of North 87°59'12" West and a chord distance of 259.30 feet to a non-tangent line, thence North 27°43'45" West a distance of 77.09 feet, thence North 47°57'11" West a distance of 79.21 feet to a Point of curvature, concave Northeasterly, having a radius of 200.00 feet and a central angle of 16°37'37", thence Northwesterly along the arc of said curve to the right a distance of 58.04 feet, said arc subtended by a chord bearing of North 39°38'23" West and a chord distance of 57.84 feet to a non-tangent line, thence North 31°19'34" West a distance of 104.63 feet, thence North 19°42'31" West a distance of 58.34 feet, thence North 26°24'59" West a distance of 51.51 feet to a Point of curvature, concave Southeasterly, having a radius of 70.00 feet and a central angle of 122°21'04", thence Northwesterly along the arc of said curve to the right a distance of 149.48 feet, said arc subtended by a chord bearing of North 34°45'33" East and a chord distance of 122.65 feet to a Point of tangency, thence South 84°03'55" East a distance of 186.51 feet to a Point of curvature, concave Northerly, having a radius of 100.00 feet and a central angle of 51°45'19", thence Easterly along the arc of said curve to the left a distance of 90.33 feet, said arc subtended by a chord bearing of North 70°03'26" East and a chord distance of 87.29 feet to a non-tangent line, thence South 29°38'18" East a distance of 655.00 feet to a Point on a curve, concave Northeasterly, having a radius of 285.00 feet and a central angle of 00°14'45", thence Northwesterly along the arc of said curve to the right a distance of 1.22 feet said arc subtended by a chord bearing of North 62°02'24" West and a chord distance of 1.22 feet to a Point of tangency, thence North 61°54'56" West a distance of 4.92 feet to the POINT OF BEGINNING.

Parcel containing 4.1157 acres more or less.

Bearings refer to the Transverse Mercator Grid System of the East Zone of Florida.

RECORDED

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The following Legal Description prepared by Clyde W. Roesch, Palm Coast Engineering and Design Services, Inc. 5 Hargrove Grade, Palm Coast, Florida.
Date; October 30, 1989.

Portion of road right-of-ways lying within Hammock Dunes project.

LEGAL DESCRIPTION:

A parcel of land lying East of State Road A-1-A in Government Section 4 and 38, Township 11 South, Range 31 East, Flagler County, Florida, being more particularly described as follows:

As a Point of Reference being the Southeasterly corner of said Government Section 38, thence North 20°38'59" West along the Easterly line of said Section 38 a distance of 2110.57 feet to the POINT OF BEGINNING of this description, said point being on a curve, concave Northeasterly, having a radius of 335.00 feet and a central angle of 08°15'20", thence westerly along the arc of said curve to the right a distance of 48.27 feet, said arc subtended by a chord bearing of North 66°02'36" West and a chord distance of 48.23 feet to a Point of tangency, thence North 61°54'56" West a distance of 195.65 feet to a Point of curvature, concave Southerly, having a radius of 245.00 feet and a central angle of 61°41'44", thence Northwesterly along the arc of said curve to the left a distance of 263.81 feet, said arc subtended by a chord bearing of South 87°14'12" West and a chord distance of 251.25 feet to a non-tangent line, thence North 33°36'40" West a distance of 50.00 feet to a Point on a curve, concave Southerly, having a radius of 295.00 feet and a central angle of 61°41'44", thence Northeasterly along the arc of said curve to the right a distance of 317.65 feet said arc subtended by a chord bearing of North 87°14'12" East and a chord distance of 302.53 feet to a Point of tangency, thence South 61°54'56" East a distance of 195.65 feet to a Point of curvature, concave Northerly, having a radius of 285.00 feet and a central angle of 29°08'16", thence Southeasterly along the arc of said curve to the left a distance of 144.94 feet said arc subtended by a chord bearing of South 76°29'04" East and a chord distance of 143.38 feet to a non-tangent line, thence North 06°54'53" West a distance of 330.51 feet to a Point of curvature, concave Easterly, having a radius of 654.00 feet and a central angle of 33°00'00", thence Northerly along the arc of said curve to the right a distance of 376.68 feet, said arc subtended by a chord bearing of North 09°35'07" East and a chord distance of 371.49 feet to a Point of tangency, thence North 26°05'07" East a distance of 200.00 feet to a Point of curvature, concave Westerly, having a radius of 546.00 feet and a central angle of 56°00'00", thence Northeasterly along the arc of said curve to the left a distance of 533.65 feet, said arc subtended by a chord bearing of North 01°54'53" West and a chord distance of 512.66 feet to a Point of tangency, thence North 29°54'53" West a distance of 86.00 feet, thence South 60°05'07" West a distance of 219.51 feet to a Point of curvature, concave Northerly, having a radius of 694.00 feet and a central angle of 84°30'00", thence Southwesterly along the arc of said curve to the right a distance of 1023.51 feet, said arc subtended by a chord bearing of North 77°39'53" West and a chord distance of 933.25 feet to a Point of tangency, thence North 35°24'53" West a distance of 235.10 feet to a Point of curvature, concave Southwesterly, having a radius of 546.00 feet and a central angle of 27°48'01", thence Northwesterly along the arc

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of said curve to the left a distance of 264.92 feet, said arc subtended by a chord bearing of North 49°18'54" West and a chord distance of 262.33 feet to a Point of tangency, thence North 63°12'54" West a distance of 157.76 feet to a Point on a curve, concave Northwesterly, having a radius of 1492.39 feet and a central angle of 04°08'51", thence Northeasterly along the arc of said curve to the left a distance of 108.03 feet, said arc subtended by a chord bearing of North 26°00'52" East and a chord distance of 108.01 feet to a non-tangent line, thence South 63°12'54" East a distance of 159.21 feet to a Point of curvature, concave Southwesterly, having a radius of 654.00 feet and a central angle of 27°48'01", thence Southeasterly along the arc of said curve to the right a distance of 317.32 feet said arc subtended by a chord bearing of South 49°18'54" East and a chord distance of 314.22 feet to a Point of tangency, thence South 35°24'53" East a distance of 180.60 feet to a Point of curvature, concave Northerly, having a radius of 646.00 feet and a central angle of 84°30'00", thence Southeasterly along the arc of said curve to the left a distance of 952.72 feet said arc subtended by a chord bearing of South 77°39'53" East and a chord distance of 868.70 feet to a Point of tangency, thence North 60°05'07" East a distance of 273.01 feet, thence South 29°54'53" East a distance of 108.00 feet, thence South 29°54'53" East a distance of 86.00 feet to a Point of curvature, concave Westerly, having a radius of 654.00 feet and a central angle of 56°00'00", thence Southeasterly along the arc of said curve to the right a distance of 639.21 feet, said arc subtended by a chord bearing of South 01°54'53" East and a chord distance of 614.07 feet to a Point of tangency, thence South 26°05'07" West a distance of 200.00 feet to a Point of curvature, concave Easterly, having a radius of 546.00 feet and a central angle of 33°00'00", thence Southwesterly along the arc of said curve to the left a distance of 314.47 feet, said arc subtended by a chord bearing of South 09°35'07" West and a chord distance of 310.14 feet to a Point of tangency, thence South 06°54'53" East a distance of 380.73 feet, thence South 83°05'07" West a distance of 108.00 feet to a Point on a curve, concave Northerly, having a radius of 335.00 feet and a central angle of 21°45'34", thence Westerly along the arc of said curve to the right a distance of 127.22 feet, said arc subtended by a chord bearing of North 81°03'03" West and a chord distance of 126.46 feet to the curve's end and the POINT OF BEGINNING.

Parcel containing 9.8443 acres more or less.

Bearings refer to the Transverse Mercator Grid System of the East Zone of Florida.

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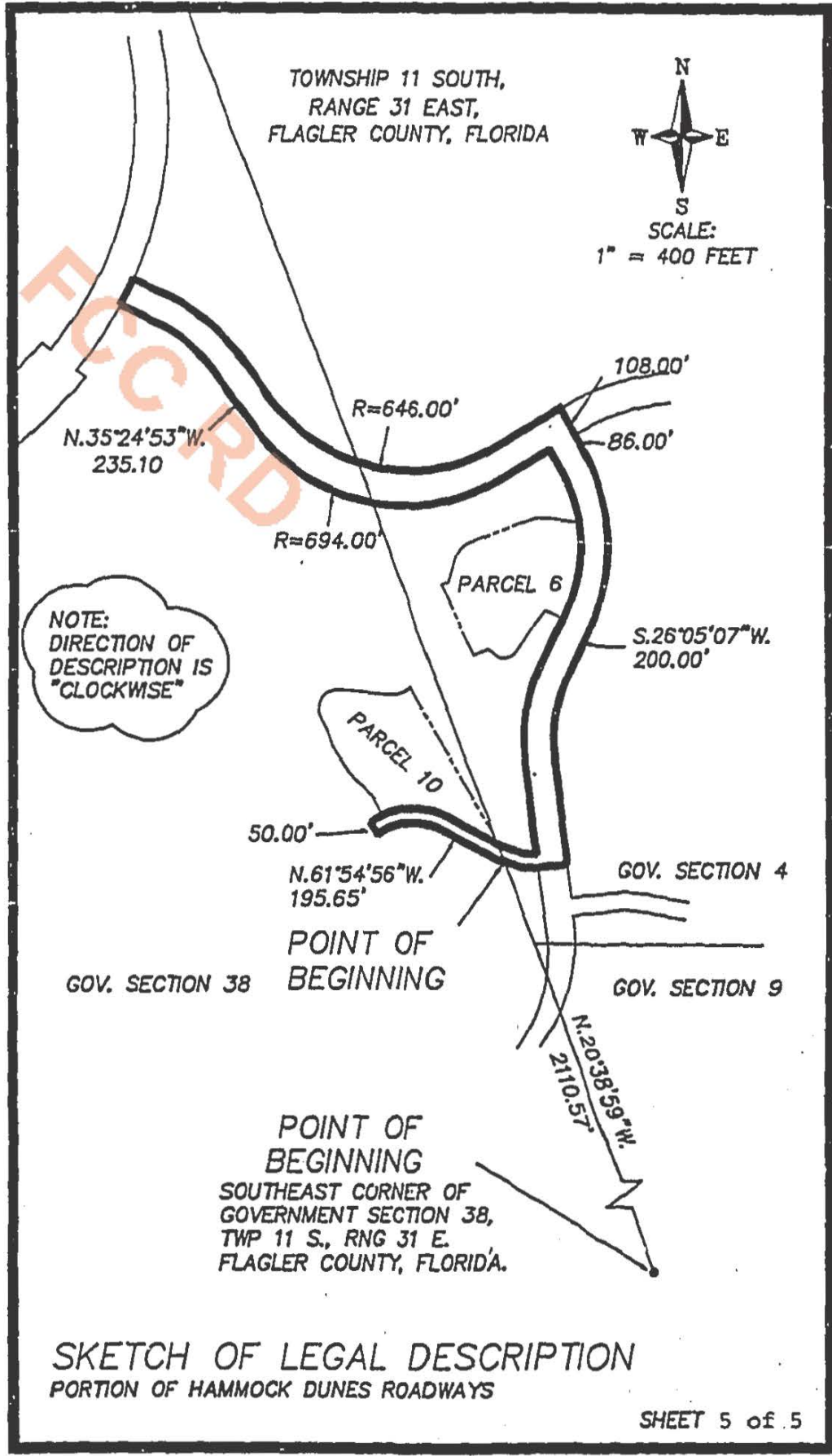
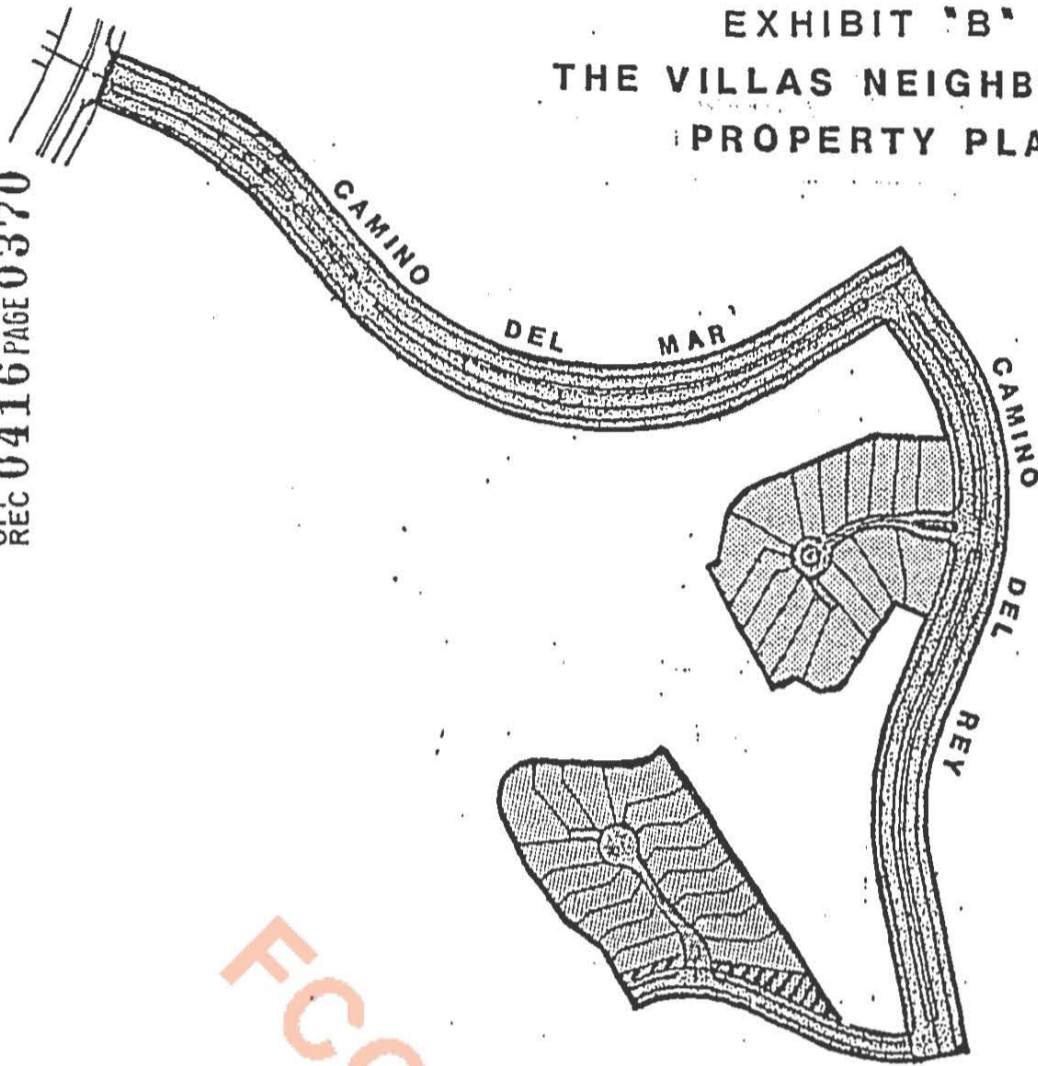







EXHIBIT "B"
THE VILLAS NEIGHBORHOOD
PROPERTY PLAN

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1" = 350'

FCC RD

-  BOUNDARY OF PROPERTY PLAN
-  RESIDENTIAL
-  COMMON AREA: ROADWAYS
-  NEIGHBORHOOD COMMON AREA: * ROADWAYS
-  NEIGHBORHOOD COMMON AREA: * ENTRANCEWAYS

* THE NEIGHBORHOOD COMMON AREAS:
DELINEATED ON THIS PLAN PERTAIN TO
THE VILLAS NEIGHBORHOOD ONLY.

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State of Florida



Department of State

I certify the attached is a true and correct copy of the Articles of Incorporation of VILLAS NEIGHBORHOOD ASSOCIATION, INC., a corporation organized under the laws of the State of Florida, filed on October 11, 1989, as shown by the records of this office.

The document number of this corporation is N34650.

Given under my hand and the
Great Seal of the State of Florida,
at Tallahassee, the Capital, this the
23rd day of October, 1989.



CR2E022 (8-89)

Jim Smith
Secretary of State

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N34630

ARTICLES OF INCORPORATION

OF

VILLAS NEIGHBORHOOD ASSOCIATION, INC.
(A Corporation Not for Profit)

FILED

1999 OCT 11 PM 12:26

SECRETARY OF STATE
TALLAHASSEE, FLORIDA

In order to form a corporation not for profit for the purposes and with the powers set forth herein, under and in accordance with the provisions of Chapter 617 of the Florida Statutes, the undersigned by these Articles of Incorporation (the "Articles") hereby certify as follows:

ARTICLE I
DEFINITIONS

A. All terms which are defined in the Declaration of Protective Covenants, Conditions, and Restrictions for Fairways Villas Neighborhood ("Declaration") shall be used herein with the same meanings as defined in said Declaration, except as may otherwise be set forth herein.

B. "Neighborhood Association" as used herein shall mean the Villas Neighborhood Association, Inc., a Florida corporation not for profit, the corporation formed by these Articles, its successors or assigns.

C. "Neighborhood Documents" as used herein shall mean, collectively, the Declaration, these Articles, the By-Laws and the Rules by which the Neighborhood Association administers the Neighborhood.

ARTICLE II
NAME

The name of this Neighborhood Association shall be Villas Neighborhood Association, Inc. (hereinafter referred as the "Neighborhood Association"), whose present address is One Corporate Drive, Palm Coast, Florida 32051.

ARTICLE III
PURPOSES

The purposes for which this Neighborhood Association is organized are to take title to, operate, administer, manage, lease and maintain the Neighborhood Common Areas of the Fairways Villas Neighborhood or such portions thereof or of the Total Property, including the Lots, as are dedicated to or made the responsibility of the Neighborhood Association in the Declaration or in any of the

Master Documents in accordance with the terms of and purposes set forth therein; and to conduct any lawful business permitted under the laws of the State of Florida for corporations not for profit in order to carry out the covenants and enforce the provisions of any of the Neighborhood Documents. The Neighborhood Association is NOT a condominium association under Chapter 718, Florida Statutes.

ARTICLE IV
POWERS

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

A. The Neighborhood 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 Master Documents or the Neighborhood Documents.

B. The Neighborhood Association shall have all of the powers reasonably necessary to implement its purposes including, but not limited to, the following:

1. To perform any act required or contemplated by it under any Master Documents or the Neighborhood Documents.
2. To make, establish and enforce reasonable rules and regulations governing the use of the Neighborhood Common Areas.
3. To make, levy and collect assessments for the purpose of obtaining funds for the payment of Neighborhood Common Expenses in the manner provided in the Neighborhood Documents and to use and expend the proceeds of such assessments in the exercise of the powers and duties of the Neighborhood Association.
4. To maintain, repair, replace and operate those portions of the Total Property that it is required to maintain, repair, replace and operate in accordance with the Master Documents and the Neighborhood Documents.
5. To enforce the provisions of the Neighborhood Documents.
6. To construct improvements to the Neighborhood Property in accordance with the Master Documents and the Neighborhood Documents.
7. To employ personnel and to retain independent contractors and professionals; and to enter into service contracts to provide for the maintenance, operation and management of property; and to enter into any other agreements consistent with

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the purposes of the Neighborhood Association, including, but not limited to, professional management and to delegate to such professional management certain powers and duties of the Neighborhood Association.

ARTICLE V
MEMBERS AND VOTING

The qualification of members of the Neighborhood Association, the manner of their admission to membership, and voting by members shall be as follows:

A. Until such time as Declaration encumbering the Neighborhood is recorded amongst the Public Records of Flagler County, Florida, the members of the Neighborhood Association shall be comprised solely of Declarant.

B. Once the Neighborhood Declaration is recorded, the Owners, which initially means Declarant as the owner of all the Units, shall be entitled to exercise all of the rights and privileges of members.

C. Thereafter, membership in the Neighborhood Association shall be established by the acquisition of ownership of fee title to a Unit, which shall pass as an appurtenance thereto with no such membership or rights arising therefrom being transferrable in any manner except as an appurtenance to such Unit. No new member's rights shall be effective until the new member presents the Neighborhood Association with a copy of the recorded deed or other muniment of title conveying title of the Unit.

D. Each Lot shall be entitled to only one (1) vote, which vote shall be exercised and cast in accordance with the Neighborhood Declaration and Neighborhood By-Laws. Declarant shall have two (2) times the total number of votes of all members until Neighborhood Turnover, at which time Declarant shall have the same votes as any other member for each Lot it owns.

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

1. There shall be only one (1) vote for each Lot and if there is more than one (1) Owner with respect to such Unit as a result of the fee interest in such Unit being held by more than one (1) person, such Owners, collectively, shall be entitled to only one (1) vote in the manner determined by the Neighborhood Declaration.

2. The members shall elect the Board of Directors of the Neighborhood Association in the manner provided for in Article X of these Articles.

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F. Each member shall be entitled to the benefits of membership, and shall be bound to abide by the provisions of the Master Documents and Neighborhood Documents.

G. The Neighborhood is entitled to elect one (1) Voting Member to the Owners' Association in accordance with the Master Documents. The Voting Member shall be the President of the Association or, in his absence, the Vice President.

H. If any Tract becomes part of the Neighborhood, Declarant shall have the right, with the consent of no other Person being required, to amend these Articles to set forth the voting rights pertaining to such Tract.

ARTICLE VI
TERM

The term for which this Neighborhood Association is to exist shall be perpetual.

ARTICLE VII
INCORPORATORS

The names and street addresses of the Incorporators of the Neighborhood Association are as follows:

| <u>Name</u> | <u>Address</u> |
|------------------|--|
| John L. Schlegel | One Corporate Drive Palm Coast, Florida 32051 |
| David Teal | One Corporate Drive Palm Coast, Florida 32051 |
| Steve Tubbs | One Corporate Drive Palm Coast, Florida 32051 |

The rights and interests of the Incorporators shall automatically terminate when these Articles are filed with the Secretary of State of Florida.

ARTICLE VIII
OFFICERS

A. The affairs of the Neighborhood Association shall be managed by the President, one (1) or more Vice Presidents, a Secretary and a Treasurer and, if elected by the Board of Directors of the Neighborhood Association, one (1) or more Assistant

Secretaries and one (1) or more Assistant Treasurers, which officers shall be subject to the direction of the Board.

B. The Board of Directors shall appoint the President, the Vice President, the Secretary and the Treasurer; and as many Vice Presidents, Assistant Secretaries and Assistant Treasurers as the Board of Directors shall, from time to time, determine appropriate. Such officers shall be elected annually by the Board of Directors at the first meeting of the Board of Directors; provided, however, that such officers may be removed by the Board of Directors and other persons may be elected by the Board of Directors as such officers in the manner provided in the By-Laws. The President shall be a Director, but no other officer need be a member of the Board of Directors. The same person may hold two 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 offices 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 of Directors are as follows:

| | | |
|----------------|---|------------------|
| President | - | John L. Schlegel |
| Vice President | - | David Teal |
| Secretary | - | Lea Stokes |
| Treasurer | - | Lea Stokes |

**ARTICLE X
BOARD OF DIRECTORS**

A. The number of members of the First Board of Directors ("First Board") shall consist of three (3) Directors. Thereafter, the number of members of the Board of Directors shall be as provided in Paragraph C of this Article X.

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

| <u>Name</u> | <u>Address</u> |
|------------------|--|
| John L. Schlegel | One Corporate Drive Palm Coast, Florida 32051 |

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| <u>Name</u> | <u>Address</u> |
|-------------|--|
| David Teal | One Corporate Drive Palm Coast, Florida 32051 |
| Steve Tubbs | One Corporate Drive Palm Coast, Florida 32051 |

The First Board shall be the Board of Directors of the Neighborhood Association until the first Annual Meeting after Declarant has conveyed twenty percent (20%) of the Dwelling Units permitted to be constructed in the Neighborhood. Declarant shall have the right to appoint, designate or elect all the members of the First Board until such Annual Meeting, and in the event of any vacancy, fill any such vacancy. After such Annual Meeting, Declarant shall have the right to appoint, designate, or elect all the Directors who are not elected by the members other than Declarant as set forth in Paragraph C below. Declarant reserves the right to remove any Director it has appointed, designated, or elected to the First Board or any other Board of Directors.

C. 1. At the first Annual Meeting after Declarant has conveyed twenty percent (20%) of the Dwelling Units permitted to be constructed in the Neighborhood, and at all Annual Meetings thereafter until the Annual Meeting described in Paragraph C.2 below, the Board of Directors shall include: two (2) Directors designated by Declarant and one (1) Director elected by the members as more specifically set forth in the By-Laws.

2. At the first Annual Meeting after Declarant has conveyed fifty percent (50%) of the Dwelling Units permitted to be constructed in the Neighborhood, the number of Directors shall be expanded to five (5), and until the first Annual Meeting described in Paragraph C.3 below, the Board of Directors shall include: three (3) Directors designated by Declarant and two (2) Directors elected by the members, as more specifically set forth in the By-Laws.

3. At the Neighborhood Turnover meeting, which is to be held as set forth in the Neighborhood Declaration, the Board of Directors shall be comprised of five (5) Directors elected by the members, as more specifically set forth in the By-Laws. In addition, after Neighborhood Turnover and for so long as Declarant owns any interest in the Neighborhood, Declarant shall have the right, but not the obligation, to designate one (1) additional Director and his/her successors ("Declarant Director"), thus providing for up to a total of six (6) Directors. Notice of the Neighborhood Turnover meeting shall be given as provided in Article 3.4 of the By-Laws.

D. Until Neighborhood Turnover, Directors of the Neighborhood Association named by Declarant shall serve at the discretion of Declarant, and in the event of vacancies of such Directors, such vacancies shall be filled by the person designated by Declarant. The fact that the members have not elected or refuse to elect Directors shall not interfere with the right of Directors designated by Declarant to resign.

E. The resignation of a Director who has been designated, appointed or elected by Declarant, or the resignation of an officer of the Neighborhood Association who was elected by the First Board, shall remise, release, acquit, and forever discharge such Director or officer of and from any and all manner of action(s), cause(s) of action, suits, debts, dues, claims, bonds, bills, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, executions, claims and demands whatsoever, in law or in equity which the Neighborhood Association or members had, now have, or will have; or which any personal representative, successor, heir or assign of the Neighborhood Association or members hereafter may have against such Director or officer by reason of his having been an Director or officer of the Neighborhood Association.

ARTICLE XI
INDEMNIFICATION

Every Director and every officer of the Neighborhood Association shall be indemnified by the Neighborhood Association against all expenses and liabilities, including attorneys' fees through all trial and appellate levels, reasonably incurred by or imposed upon him in connection with any proceeding, arbitration or settlement to which he may be a party, or in which he may become involved, by reason of his being or having been a Director or officer of the Neighborhood Association, whether or not he is a Director or officer at the time such expenses are incurred. Notwithstanding the foregoing, in the event of a settlement, the indemnification provisions herein shall not be automatic and shall apply only when the Board of Directors approves such settlement. Notwithstanding anything contained herein to the contrary, in instances where the Director or officer admits or is adjudged guilty of willful malfeasance in the performance of his duties, the indemnification provisions contained herein shall not apply. Otherwise, the foregoing right of indemnification shall be in addition to and not exclusive of any and all right of indemnification to which such Director or officer may be entitled by common law or statute.

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ARTICLE XII
BY-LAWS

By-Laws of the Neighborhood Association shall be adopted by the First Board and thereafter may be altered, amended or rescinded in the manner provided in the By-Laws. In the event of a conflict between the provisions of these Articles and the provisions of the By-Laws, the provisions of these Articles shall control.

ARTICLE XIII
AMENDMENTS

A. Except as may otherwise be set forth in these Articles, these Articles may be amended by the following methods:

1. (a) The Board of Directors 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 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 and Declarant within the time and in the manner provided in the By-Laws for the giving of notice of meetings of members ("Required Notice").

(c) At such meeting a vote of the members and Declarant shall be taken on the proposed amendment(s). The proposed amendment shall be adopted upon receiving the affirmative vote of at least two-thirds (2/3) of all votes entitled to be cast.

2. An amendment may be adopted by a written statement, in lieu of a meeting, signed by all Directors and Declarant setting forth their intention that an amendment to these Articles be adopted.

3. Consistent with the provisions of the Master Declaration or Neighborhood Declaration allowing certain instruments, including Supplements, to be effected by Declarant alone, Declarant alone may amend these Articles to bring the Articles into conformity with such instruments.

B. No amendment may be made to these Articles which shall in any manner reduce, amend, affect or modify the terms, conditions, provisions, rights and obligations set forth in the Master Declaration or Neighborhood Declaration.

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C. A copy of each amendment shall be filed and certified by the Secretary of State of the State of Florida.

D. A certified copy of each such amendment shall be attached to any certified copy of these Articles and shall be part of such Articles and an exhibit to the Neighborhood Declaration upon the recording of the Neighborhood Declaration; or, in lieu thereof, "Restated Articles" (as defined in Article XV) may be adopted and a certified copy thereof shall be attached as an exhibit to the Neighborhood Declaration upon recordation thereof.

E. There shall be no amendment to these Articles which shall abridge, amend or alter the rights of: (i) Declarant, including, without limitation, the right to designate and select the Directors as provided in Article X hereof and the rights reserved to Declarant in the Neighborhood Declaration, without the prior written consent thereto by Declarant; and (ii) any Institutional Mortgagee without the prior written consent of such Institutional Mortgagee.

ARTICLE XIV
SUCCESSOR ENTITIES

In the event of the dissolution of the Neighborhood Association, or any successor entity thereto, any property dedicated or conveyed to the Neighborhood Association shall be transferred to either a successor entity or an appropriate governmental agency or public body to be maintained for the purposes for which the Neighborhood Association, or a successor thereto, was maintaining such property in accordance with the terms and provisions under which such property was being held by the Neighborhood Association, or such successor.

ARTICLE XV
RESTATEMENT OF ARTICLES

A. All provisions contained within these Articles plus any amendments thereto may at any time be integrated into a single instrument as "Restated Articles" and adopted by the Board of Directors. Such Restated Articles shall be specifically designated as such and shall state, either in the heading or in the introductory paragraph, the name of the Neighborhood Association and, if it has been changed, the name under which it was originally incorporated and the date of filing of the original Articles or any restatements thereof in the Office of the Secretary of State of Florida. Such Restated Articles shall also state that they were duly adopted by the Board of Directors and that such Restated Articles only restate and integrate and do not further amend the provisions of these Articles as theretofore amended, or that any amendment included therein has been adopted pursuant to Article

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XIII hereof and that there is no discrepancy between these Articles as theretofore amended and provisions of the Restated Articles other than the inclusion of the properly adopted amendments.

B. Upon the filing of Restated Articles by the Secretary of State of Florida, the original Articles, as theretofore amended, shall be superseded, and thenceforth the Restated Articles shall be these Articles of Incorporation of the Neighborhood Association.

C. Amendments may be made simultaneously with restatement of these Articles if the requirements of Article XIII are complied with. In such event, the Articles of Incorporation shall be specifically designated as such.


ARTICLE XVI
REGISTERED OFFICE AND REGISTERED AGENT

The street address of the initial registered office of the Neighborhood Association is One Corporate Drive, Palm Beach, Florida 32051, and the initial Registered Agent of the Neighborhood Association at that address shall be John L. Schlegel.

IN WITNESS WHEREOF, we, JOHN L. SCHLEGEL, DAVID TEAL and STEVE TUBBS, the Incorporators of the Villas Neighborhood Association, Inc. have hereunto affixed our signatures this 4th day of October, 1987.



JOHN L. SCHLEGEL



DAVID TEAL



STEVE TUBBS

The undersigned hereby accepts the designation of Registered Agent of Villas Neighborhood Association, Inc. as set forth in Article XVII of these Articles.



JOHN L. SCHLEGEL

FILED
OCT 11 1987
TALLAHASSEE, FLORIDA

STATE OF FLORIDA)
: SS:
COUNTY OF FLAGLER)

I HEREBY CERTIFY that on this day, before me a Notary Public duly authorized in the State and County named above to take acknowledgements, personally appeared JOHN L. SCHLEGEL, DAVID TEAL and STEVE TUBBS, to me known to be the persons described as the incorporators of the Villas Neighborhood Association, Inc. and who executed the foregoing Articles of Incorporation and they acknowledged before that they executed the same for the purposes therein expressed.

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WITNESS my hand and official seal this ~~15th~~^{4th} day of OCTOBER, 1989.

Victoria P. Gaed
Notary Public
My Commission Expires: [SEAL]
Notary Public, State of Florida
My Commission Expires June 1, 1992
Bonded thru Troy Inn - Insurance Inc.

STATE OF FLORIDA)
: SS:
COUNTY OF FLAGLER)

I HEREBY CERTIFY that on this day, before me a Notary Public duly authorized in the State and County named above to take acknowledgements, personally appeared JOHN L. SCHLEGEL, to me known to be the person described as initial Registered Agent, in and who executed the foregoing Articles of Incorporation and he acknowledged before me that he executed the same for the purposes therein expressed.

WITNESS my hand and official seal this ~~15th~~^{4th} day of OCTOBER, 1989.

Victoria P. Gaed
Notary Public
My Commission Expires: [SEAL]
Notary Public, State of Florida
My Commission Expires June 1, 1992
Bonded thru Troy Inn - Insurance Inc.

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BY-LAWS
OF
VILLAS NEIGHBORHOOD ASSOCIATION, INC.
(A Florida Corporation Not For Profit)

ARTICLE 1
IDENTIFICATION OF ASSOCIATION

These are the By-Laws of Villas Neighborhood Association, Inc., hereinafter referred to as the "Association," as duly adopted by its Board of Directors. The Association is a corporation not for profit, organized pursuant to and under Chapter 617 of the Florida Statutes.

1.1 The purposes for which this Association is organized are to take title to, operate, administer, manage, lease and maintain the Neighborhood Common Areas of the Neighborhood or such portions thereof or of the Total Property, including the Lots, as are dedicated to or made the responsibility of the Association in the Declaration or in any of the Master Documents in accordance with the terms of and purposes set forth therein; and to conduct any lawful business permitted under the laws of the State of Florida for corporations not for profit in order to carry out the covenants and enforce the provisions of any of the Neighborhood Documents. The Neighborhood Association is NOT a condominium association under Chapter 718, Florida Statutes.

1.2 The office of the Association shall presently be at 1 Corporate Drive, Palm Coast, Florida 32501, and thereafter may be located at any place in Flagler County, Florida designated by the Board of Directors of the Association.

1.3 The fiscal year of the Association shall be the calendar year.

1.4 The seal of the Association shall bear the name of the Association, the word "Florida", and the words "Corporation Not For Profit".

ARTICLE 2
DEFINITIONS

2.1 All terms which are defined in the Declaration of Protective Covenants, Conditions, and Restrictions of Fairways Villas Neighborhood ("Declaration") shall be used herein with the same meanings as defined in said Declaration, except as set forth herein.

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2.2 "Association" as used herein shall mean the Villas Neighborhood Association, Inc., a Florida corporation not for profit.

2.3 "Neighborhood Documents" as used herein shall mean, collectively, the Declaration, Articles, these By-Laws and the Rules by which the Association administers the Neighborhood.

ARTICLE 3
MEMBERSHIP IN THE ASSOCIATION,
MEMBERS' MEETINGS, VOTING AND PROXIES; VOTING MEMBER

3.1 The qualification of members, the manner of their admission to membership in the Association and the manner of the termination of such membership shall be as set forth in Article V of the Articles.

3.2 The members shall meet annually at the office of the Association or such other place in Flagler County, Florida, as determined by the Board of Directors and as designated in the notice of such meeting at such time and on such day in the month of September of each year (the "Annual Meeting") commencing with the year 1990 as determined by the Board of Directors; provided, however, that said date may be changed by resolution of the Board of Directors so long as the Annual Meeting for any year shall be held not later than thirteen (13) months after the last preceding Annual Meeting. The purpose of the Annual Meeting shall be to hear reports of the officers, elect members to the Board of Directors (subject to the provisions of Article VIII of the Articles), and to transact any other business authorized to be transacted by the members.

3.3 Special meetings of the members shall be held at any place within Flagler County, Florida, whenever called by the President or a majority of the Board of Directors. A special meeting must be called by the President upon receipt of a written request from one-fourth (1/4) of the members.

3.4 A written notice of the meeting (whether the Annual Meeting or a special meeting of the members) shall be mailed to each member entitled to vote at his last known address as it appears on the books of the Association. Such written notice of an Annual Meeting shall be mailed to each member not less than fourteen (14) days nor more than forty (40) days prior to the date of the Annual Meeting. Written notice of a special meeting of the members shall be mailed not less than ten (10) days nor more than forty (40) days prior to the date of a special meeting. The notice shall state the time and place of such meeting and the object for which the meeting is called and shall be signed by an officer of the Association. If a meeting of the members, either a special

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meeting or an Annual Meeting is one which, by express provision of the Neighborhood Documents, there is permitted or required a greater or lesser amount of time for the mailing or posting of notice than is required or permitted by the provisions of this Section 3.4, then the aforesaid express provision shall govern. Any provision herein to the contrary notwithstanding, notice of any meeting may be waived by any member before, during or after a meeting, which waiver shall be in writing and shall set forth a waiver of written notice of such meeting.

3.5 The members may, at the discretion of the Board of Directors, act by written agreement in lieu of meeting, provided written notice of the matter or matters to be agreed upon is given to the members at the addresses and within the time periods set forth in Section 3.4 herein or duly waived in accordance with such Section. The decision of the majority of the members as to the matter or matters to be agreed upon (as evidenced by written response to be solicited in the notice) shall be binding on the members provided a quorum of the members submits a response. The notice shall set forth a time period during which time a response must be made by a member.

3.6 Except as otherwise provided in the Articles, a quorum of the members shall consist of persons entitled to cast a majority of the votes of the entire membership and decisions shall be made by Owners of a plurality of the membership interests represented at a meeting at which a quorum is present. A member may join in the action of a meeting by signing and concurring in the minutes thereof and such a signing shall constitute the presence of such parties for the purpose of determining a quorum. When a quorum is present at any meeting and a question which raises the jurisdiction of such meeting is presented, the holders of a majority of the voting rights present in person or represented by written proxy shall be required to decide the question. However, if the question is one which, by express provisions of the Neighborhood Documents, requires a vote other than the majority vote of a quorum, then such express provision shall govern and control the required vote on the decision of such question.

3.7 If any meeting of the members cannot be organized because a quorum is not in attendance, the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present. In the case of a meeting being postponed, the notice provisions for the adjournment shall be as determined by the Board of Directors.

3.8 Minutes of all meetings of the members shall be kept in a businesslike manner and be available for inspection by the members, Directors and Institutional Mortgagees at all reasonable times. The Association shall retain minutes for at least seven

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(7) years subsequent to the date of the meeting the minutes reflect.

3.9 Voting rights of members shall be as stated in the Neighborhood Declaration and Articles. Such votes may be cast in person or, by proxy. "Proxy" is defined to mean an instrument containing the appointment of a person who is substituted by a member to vote for him and in the member's place and stead. Proxies shall be in writing and shall be valid only for the particular meeting designated therein and any adjournments thereof if so stated. A proxy must be filed with the Secretary of the Association before commencement of the particular meeting designated in the proxy. The proxy may be revoked prior to the time a vote is cast according to such proxy.

3.10 At any time prior to a vote upon any matter at a meeting of the members, any member may demand the use of a secret written ballot for voting on such matter. The Chairman of the meeting shall call for nominations for Inspectors of Election to collect and tally written ballots upon the completion of balloting upon the subject matter.

3.11 Cumulative voting shall not be permitted.

3.12 The Neighborhood is entitled to elect one (1) Voting Member to the Owners' Association in accordance with the Master Documents. The Voting Member of the Neighborhood shall be the President of the Association, or in his absence, the Vice President.

ARTICLE 4 BOARD OF DIRECTORS; DIRECTORS' MEETINGS

4.1 The form of administration of the Association shall be by a Board of not less than three (3) Directors, subject to the increase as set forth in Article X of the Articles.

4.2 The provisions of the Articles setting forth the selection, election, designation and removal of Directors are hereby incorporated herein by reference. The election of Directors shall be conducted in the following manner: (a) Election of Directors shall be held at the Annual Meeting, except as may be provided herein to the contrary; (b) Nominations for Directors shall be made from the floor; (c) The election shall be by written ballot (unless dispensed with by majority consent of the members represented at the meeting) and decided by a plurality of the votes cast for each candidate. Each Unit entitled to vote shall have a number of votes equal to the number of vacancies to be filled. No Unit may cast more than one vote for one candidate.

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4.3 Subject to Section 4.5 below and to Declarant's rights as set forth in the Articles and as set forth in Section 4.5(c) below, vacancies on the Board of Directors shall be filled by persons appointed by the remaining Directors. Any such person shall be a Director and have all of the rights, privileges, duties and obligations as a Director elected at an Annual Meeting and shall serve for the term prescribed in Section 4.4 of these By-Laws.

4.4 The term of each Director's service shall extend until the next Annual Meeting at which his term expires as provided in Article X of the Articles, and until his successor is duly elected and qualified, or until he is removed in the manner elsewhere provided herein.

4.5 (a) A Director elected by the members other than Declarant may be removed from office upon the affirmative vote or the agreement in writing of a majority of the members other than Declarant at a special meeting of the members other than Declarant for any reason deemed by the members other than Declarant to be in the best interests of the Association. A meeting of members other than Declarant to so remove a Director elected by them shall be held, subject to the notice provisions of Section 3.4 hereof, upon the written request of ten percent (10%) of the members other than Declarant. However, before any Director is removed from office, he shall be notified in writing prior to the meeting at which a motion will be made to remove him that such a motion will be made, and such Director shall be given an opportunity to be heard at such meeting should he be present prior to the vote on his removal.

(b) Members other than Declarant shall elect, at a special meeting of the members or at an Annual Meeting, persons to fill vacancies on the Board of Directors caused by the removal of a Director elected by members other than Declarant in accordance with Section 4.5(a) above.

(c) A Director designated by Declarant, as provided in the Articles, may be removed only by Declarant in its sole and absolute discretion and without any need for a meeting or vote. Declarant shall have the unqualified right to name a successor for any Director designated and thereafter removed by it or for any vacancy on the Board of Directors as to a Director designated by it and Declarant shall notify the Board of Directors of the name of the respective successor Director and the commencement date for the term of such successor Director. No Director or officer designated or appointed by Declarant shall be required to be a member of the Association.

4.6 The organizational meeting of a newly elected Board of Directors shall be held within ten (10) days of its election at such place and time as shall be fixed by the Directors at the

meeting at which they were elected. No further notice of the organizational meeting shall be necessary.

4.7 Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by majority of Directors. Special meetings of the Board of Directors may be called at the discretion of the President of the Association. Special meetings must be called by the Secretary at the written request of one-third (1/3) of the Directors.

4.8 Notice of the time and place of regular and special meetings of the Board of Directors, or adjournments thereof, shall be given to each Director personally or by mail, telephone or telegraph at least three (3) days prior to the day named for such meeting. Notice of any meeting when Neighborhood Special Assessments against members are to be considered by the Board of Directors for any reason shall specifically contain a statement that Neighborhood Special Assessments will be considered and the nature of any such Neighborhood Special Assessments. Any Director may waive notice of a meeting before, during or after a meeting, and such waiver shall be deemed equivalent to the receipt of notice by such Director.

4.9 A quorum of the Board of Directors shall consist of the Directors entitled to cast a majority of the votes of the entire Board of Directors. Matters approved by a majority of the Directors present at a meeting at which a quorum is present shall constitute the official acts of the Board of Directors, except as specifically otherwise provided in the Declaration, Articles or elsewhere herein. If at any meeting of the Board of Directors there shall be less than a quorum present, the majority of those present may adjourn the meeting from time to time until a quorum is present. At any meeting being held because of such an adjournment, any business which might have been transacted at the meeting as originally called may be transacted. In the case of a meeting, notice to the Directors of such adjournment shall, subject to the Declaration, be as determined by the Board of Directors.

4.10 The presiding officer at Board of Directors meetings shall be the President.

4.11 No Director shall receive any compensation from the Association for acting as such unless approved by members representing a majority of the votes of the Association at a regular or special meeting of the Association; provided any Director may be reimbursed for any expenses incurred on behalf of the Association upon approval of a majority of the other Directors.

4.12 Minutes of all meetings of the Board of Directors shall be kept in a businesslike manner and be available for inspection by members and Directors and Institutional Mortgagees at all

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reasonable times. The minutes shall be retained by the Association for at least seven (7) years subsequent to the date of the meeting the minutes reflect.

4.13 The Board of Directors shall have the power to appoint executive committees of the Board of Directors consisting of not less than two (2) Directors. Executive committees shall have and exercise such powers of the Board of Directors as may be delegated to such executive committee by the Board of Directors.

4.14 Meetings of the Board of Directors shall be open to all members. Unless a member serves as a Director or unless he has been specifically invited by the Directors to participate in a meeting of the Board of Directors, such member shall not participate in the meeting, but shall only be entitled to act as an observer. If a member not serving as a Director or not otherwise invited by the Directors to participate in a meeting attempts to become more than a mere observer at such meeting or conducts himself in a manner detrimental to the carrying on of such meeting, then any Director may expel said member from the meeting by any reasonable means which may be necessary to accomplish such expulsion. Also, any Director shall have the right to exclude from any meeting of the Board of Directors any person who is not able to provide sufficient proof that he is a member, unless said person was specifically invited by the Directors to participate in such meeting.

ARTICLE 5
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

All of the powers and duties of the Association, including those existing under the Neighborhood Documents, shall be exercised by the Board of Directors, unless otherwise specifically delegated therein to the members. Such powers and duties of the Board of Directors shall be exercised in accordance with the provisions of the Neighborhood Documents and shall include, but not be limited to, the following:

5.1 Making and collecting Annual and Neighborhood Special Assessments (hereinafter collectively referred to as "Assessments") against members to pay the costs of Neighborhood Common Expenses, and the members' portion of Operating Expenses and Neighborhood Assessments. These Assessments shall be collected by the Association through payments made directly to it by the members as set forth in the Declaration.

5.2 Using the proceeds of Assessments in the exercise of the powers and duties of the Association and the Board of Directors.

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5.3 Maintaining, repairing and operating the Neighborhood Property except for such portions which may be maintained by the Owners' Association, as provided in the Master Declaration.

5.4 Reconstructing improvements after casualties and losses and making further authorized improvements of the Neighborhood.

5.5 Making and amending Rules with respect to the Neighborhood.

5.6 Approving or disapproving of proposed purchasers, lessees, or mortgagees of Units and those acquiring Units by gift, devise, or inheritance and other transferees in accordance with the provisions set forth in the Declaration or the Master Declaration.

5.7 Enforcing by legal means the provisions of the Neighborhood Documents including the Declaration, the Articles, these By-Laws, and the Master Declaration (to the extent permitted thereunder) and the Rules adopted by the Association.

5.8 To contract for the management and maintenance of the Neighborhood Property and to authorize 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 regulations and maintenance, repair and replacement of Neighborhood Common Areas and other services with funds that shall be made available by the Association for such purposes and to terminate such contracts and authorizations. The Association and its officers shall, however, retain at all times the powers and duties granted by the Neighborhood Documents including, but not limited to, the levying of Assessments, promulgation of rules and regulations and execution of contracts on behalf of the Association.

5.9 Paying taxes and assessments which are or may become liens against the Neighborhood Common Areas and any Units owned by the Association and assessing the same against Units which are or may become subject to such liens.

5.10 Purchasing and carrying insurance for the protection of Owners and the Association against casualty and liability loss to the Neighborhood.

5.11 Paying costs of all power, water, sewer and other utility services rendered to the Neighborhood and not billed to owners of individual Units.

5.12 Hiring and retaining such employees as are necessary to administer and carry out the services required for the proper

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administration of the purposes of this Association, including the hiring of a resident manager and paying all salaries therefor.

5.13 Performing all of the covenants, conditions and obligations set forth in the Declaration and the Master Declaration or required thereby.

5.14 To acquire, own, mortgage and convey real and personal property and take such other reasonable actions in that regard.

ARTICLE 6
OFFICERS OF THE ASSOCIATION

6.1 The officers of the Association shall be a President, who shall be a Director, one (1) or several Vice Presidents, a Treasurer and a Secretary, all of whom shall be elected annually by the Board of Directors. Any officer may be removed without cause from office by a vote of the Directors at any meeting of the Board of Directors. The Board of Directors shall, from time to time, appoint such other officers and assistant officers and designate their powers and duties as the Board of Directors shall find to be required to manage the affairs of the Association.

6.2 The President shall be the chief executive officer of the Association. He shall have all of the powers and duties which are usually vested in the office of the President of a property owners association, including, but not limited to, the power to appoint such committees at such times from among the members as he may, in his discretion, determine appropriate to assist in conducting the affairs of the Association. The President shall preside at all meetings of the Board of Directors.

6.3 In the absence or disability of the President, the Vice President shall exercise the powers and perform the duties of the President. The Vice President shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the Board of Directors. In the event there shall be more than one (1) Vice President elected by the Board of Directors, then they shall be designated "First", "Second", etc., and shall exercise the powers and perform the duties of the Presidency in such order.

6.4 The Secretary shall cause to be kept the minutes of all meetings of the Board of Directors and the members, which minutes shall be kept in a businesslike manner and shall be available for inspection by members and Directors at all reasonable times. He shall have custody of the seal of the Association and shall affix the same to instruments requiring such seal when duly authorized and directed by the Board of Directors to do so. He shall keep the records of the Association, except those of the Treasurer, and

shall perform all of the duties incident to the office of Secretary of the Association as may be required by the Board of Directors or the President. The Assistant Secretary, if any, shall perform the duties of the Secretary when the Secretary is absent and shall assist the Secretary.

6.5 The Treasurer shall have custody of all of the property of the Association, including funds, securities and evidences of indebtedness. He shall keep the assessment rolls and accounts of the members, keep the books of the Association in accordance with good accounting practices and shall perform all of the duties incident to the office of a Treasurer. The Assistant Treasurer, if any, shall perform the duties of the Treasurer whenever the Treasurer is absent and shall assist the Treasurer.

6.6 The compensation, if any, of all officers and other employees of the Association shall be fixed by the Board of Directors. This provision shall not preclude the Board of Directors from employing a Director as an employee of the Association nor preclude the contracting with a Director for the management of the Neighborhood.

ARTICLE 7
ACCOUNTING RECORDS; FISCAL MANAGEMENT

7.1 The Association shall maintain accounting records in accordance with generally accepted accounting principles which shall be open to inspection by members or their authorized representatives at reasonable times. Such authorization as a representative of a member must be in writing and be signed by the member giving such authorization and be dated within sixty (60) days of the date of any such inspection. Written summaries of the accounting records shall be supplied at least annually to the members. The accounting records shall include (a) a record of all receipts and expenditures; (b) an account for each Unit which shall designate the name and address of the Owner thereof, the amount of each Assessment charged to the Unit, the amounts and due dates for each Assessment, the amounts paid upon such account and the balance due for each Unit; (c) an account indicating the Neighborhood Common Expenses allocated under the Budget and the Neighborhood Common Expenses actually incurred during the course of the fiscal year; and (d) an account for Neighborhood Assessments and Operating Expenses charged against the Association and the amount assessed against each Unit.

7.2 (a) The Board of Directors shall adopt a budget of the Neighborhood Common Expenses of the Association (the "Budget") for each forthcoming fiscal year at a regular or special meeting of the Board of Directors ("Budget Meeting") called for that purpose not later than November 1 of each year. In the event a Budget is not

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adopted during such period, it shall not abrogate or alter the Owners' obligations to pay Neighborhood Common Expenses. Prior to the Budget Meeting, a proposed Budget shall be prepared by or on behalf of the Board of Directors, which Budget shall include, where applicable, but not be limited to, the following items of expense:

- (i) Administration of the Association
- (ii) Management fees
- (iii) Maintenance
- (iv) Taxes upon Association property
- (v) Insurance
- (vi) Other expenses
- (vii) Security provisions
- (viii) Operating capital
- (ix) Reserves
- (x) Association's share of Operating Expenses

Copies of the proposed Budget and notice of the exact time and place of the Budget Meeting shall be mailed to each member at the member's last known address, as reflected on the books and records of the Association, not less than thirty (30) days prior to said Budget Meeting, and the Budget Meeting shall be open to the members. Failure to timely adopt a Budget shall not alter or abrogate the obligation to pay Neighborhood Common Expenses.

(b) The Board of Directors shall disclose in the Budget the estimated Operating Expenses charged against the members of the Association by the Owner's Association.

(c) The Board of Directors may also include in any such proposed Budget a sum of money as a Neighborhood Common Expense Assessment for the making of betterments to the Neighborhood, for anticipated expenses by the Association which are not anticipated to be incurred on a regular or annual basis or for the establishment of reserves for repair or replacement of the Neighborhood Property either annually or from time to time as the Board of Directors shall determine the same to be necessary. This sum of money so fixed may then be levied upon the members by the Board of Directors as a Neighborhood Special Assessment and shall be considered an "Excluded Expense" under Section 7.3(a) hereof. In addition, the Board of Directors shall include, on an annual basis, the establishment of reserve accounts for capital expenditures and deferred maintenance of Neighborhood Common Areas and those portions of Dwelling Units as are further described in the Declaration. The amount to be reserved shall be computed by means of a formula which is based upon estimated life and estimated replacement cost of each reserve item. This sum of money shall also be considered an Excluded Expense under Section 7.3(a) hereof. Notwithstanding anything contained herein, the members may, by a

majority vote, determine for a particular fiscal year to budget no reserves or reserves less adequate than required herein.

(d) In administering the finances of the Association, the following procedures shall govern: (i) the fiscal year shall be the calendar year; (ii) any income received by the Association in any calendar year may be used by the Association to pay expenses incurred by the Association in the same calendar year; (iii) there shall be apportioned between calendar years on a pro rata basis any expenses which are prepaid in any one calendar year for Neighborhood Common Expenses which cover more than such calendar year; (iv) Assessments shall be made not less frequently than monthly, or as otherwise determined by the Board of Directors, in amounts no less than are required to provide funds in advance for payment of all of the anticipated current expenses and for all unpaid expenses previously incurred; and (v) Neighborhood Common Expenses incurred in a calendar year shall be charged against income for the same calendar year regardless of when the bill for such Neighborhood Common Expenses is received. Notwithstanding the foregoing, Neighborhood Common Expense Assessments shall be of sufficient magnitude to insure an adequacy and availability of cash to meet all budgeted expenses and anticipated cash needs in any calendar year.

(e) The depository of the Association shall be such bank or banks as shall be designated from time to time by the Board of Directors in which the monies of the Association shall be deposited. Withdrawal of monies from such account shall be only by checks signed by such persons as are authorized by the Board of Directors.

(f) A report of the actual receipts and expenditures of the Association for the previous twelve (12) months shall be prepared annually by an accountant or Certified Public Accountant designated by the Board of Directors, and a copy of such report shall be furnished to each member no later than the first day of April of the year following the year for which the report is made. The report shall be deemed to be furnished to the member upon its delivery or mailing to the member at his last known address shown on the books and records of the Association.

7.3 (a) Should the budget adopted by the Board of Directors at the Budget Meeting require Neighborhood Common Expense Assessments against the members of an amount not greater than one hundred fifteen percent (115%) of such Neighborhood Common Expense Assessments for the prior year, the Budget shall be deemed approved. If, however, the Neighborhood Common Expense Assessments required to meet the Budget exceed one hundred fifteen percent (115%) of such Neighborhood Common Expense Assessments against the members for the preceding year (an "Excess Assessment"), then the provisions of Sections 7.3(b) hereof shall be applicable; provided

that in computing whether a Neighborhood Common Expense Assessment constitutes an Excess Assessment, there shall be excluded from such computation certain expenses (the "Excluded Expenses"), including the following:

(i) Reasonable reserves for repair or replacement of the Neighborhood Property;

(ii) Anticipated expenses by the Association which are not anticipated to be incurred on a regular or annual basis;

(iii) Neighborhood Common Expense Assessments for betterments to the Neighborhood Property; and

(iv) Any Neighborhood Common Expenses for insurance or utilities.

(b) Should the Excess Assessment be adopted by the Board of Directors, then upon written application requesting a special meeting signed by ten percent (10%) or more of the members and delivered to the Board of Directors within twenty (20) days after the Budget Meeting, the Board of Directors shall call a special meeting to be held not less than ten (10) days subsequent to the sending of written notice to each member, but within thirty (30) days of the delivery of such application and shall enact a revision of the Budget. The enactment of a revision of the Budget shall require approval of not less than two-thirds (2/3) of the members. If such revised Budget shall be the final Budget, or if a revised Budget is not enacted at such special meeting, then the Budget originally adopted by the Board of Directors shall be the final Budget. If no written application is delivered, as provided herein, then the Budget originally adopted by the Board of Directors shall be the final Budget.

(c) Notwithstanding the provisions of this Section 7.3, the Board of Directors does not have the authority or power to reduce the Association's share of Operating Expenses assessed by the Owners' Association pursuant to the Master Declaration and the Neighborhood Documents. This statement is for explanation purposes only and a deletion or amendment hereof cannot grant or convey such authority or power.

(d) No Board of Directors shall be required to anticipate revenue from Assessments or expend funds to pay for Neighborhood Common Expenses not included in the Budget or which shall exceed budgeted items and no Board of Directors shall be required to engage in deficit spending. Should there exist any deficiency which results from there being greater Neighborhood Common Expenses than income from Assessments, then such deficits shall be carried into the next succeeding year's budget as a

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PAGE 0396
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deficiency or shall be the subject of a Special Assessment to be levied by the Board of Directors as otherwise provided in the Neighborhood Declaration.

7.4 (a) The Budget constitutes an estimate of the expenses of the Association and for the Neighborhood. Subsequent to the "Original Assessment Period" (as described in the Declaration), this estimate of the expenses of the Neighborhood Association and the Neighborhood, other than those expenses which are the subject of a Neighborhood Special Assessment, shall be divided by the number of Lots within the Neighborhood and the resultant product plus the share of Operating Expenses attributable to each Lot shall constitute the Annual Assessment for such Lot. If any Tract becomes part of the Neighborhood, Declarant shall have the right, with the consent of no other Person being required, to amend these By-Laws to set forth the share of Annual Assessments pertaining to such Tract.

(b) Notwithstanding the allocation to each Unit of its Annual Assessment, an Owner shall also be liable for any Neighborhood Special Assessments levied against his Unit by the Board of Directors as provided in the Declaration or Special Assessments levied against his Unit by the Owners' Association as provided in the Master Declaration.

7.5 The Association shall collect Annual Assessments, Neighborhood Special Assessments and Special Assessments from the Unit Owners in the manner set forth in the Neighborhood Declaration and the other Neighborhood Documents.

ARTICLE 8 RULES AND REGULATIONS

The Board of Directors may adopt Rules or amend or rescind existing Rules for the operation and use of the Neighborhood Property by Owners (provided that such Rules are not inconsistent with those promulgated by the Owners' Association) at any meeting of the Board of Directors; provided, however, that such Rules are not inconsistent with other Neighborhood Documents. Copies of any Rules promulgated, amended or rescinded shall be mailed to all Owners at their last known address as shown on the books and records of the Association and shall not take effect until forty-eight (48) hours after such mailing.

ARTICLE 9 ENFORCEMENT PROCEDURES

Pursuant to Article XVI, Paragraph E of the Declaration, the Association shall have the right to assess reasonable fines against

an Owner or its guests, relatives, or lessees, in the manner provided herein, and such fines shall be collectible as any other assessment. The Association shall have a lien against the Owners and Units against which a fine has been assessed or levied. Each Board of Directors (the "Appointing Board") shall have the power to create an "Enforcement Committee" to be comprised of three (3) members, one of which shall be a member of the Board of Directors, and one of which shall be designated as the Chairperson thereof. The Appointing Board shall also designate an Alternate Enforcement Committee Member to serve in the place of an absent member of the Enforcement Committee. The Enforcement Committee shall serve a term consistent with the term of its Appointing Board. Members of the Enforcement Committee may be replaced with or without cause by majority vote of the Appointing Board.

(a) Conduct of Enforcement Hearing.

(1) The Chairperson of the Enforcement Committee may call hearings of the Enforcement Committee; hearings may also be called by written notice signed by any member of the Enforcement Committee.

(2) The Chairperson shall present each case before the entire Enforcement Committee, and the "Alleged Non-complying Member" shall be given reasonable opportunity to be heard after the Chairperson's presentation. Formal rules of evidence shall not apply, but fundamental due process shall be observed and shall govern said proceedings.

(3) At the conclusion of the hearing, the Enforcement Committee shall issue an order affording the proper relief, if any, consistent with the powers granted herein. The order shall be by motion approved by at least two (2) members of the Enforcement Committee in order for the action to be official.

(b) Powers of the Enforcement Committee. The Enforcement Committee shall have the power to:

(1) Adopt rules for the conduct of its hearings;

(2) Effectuate the provisions set forth in this provision;

(3) Issue orders consistent with this provision; and

(4) Order Non-complying members, adjudged so pursuant to the provisions of this paragraph, to pay a fine not to exceed Twenty-Five Dollars (\$25.00) for each day the violation continues past the date set by the Enforcement Committee for compliance, and not to exceed Five Hundred Dollars (\$500.00) under any circumstances. A notarized copy of an order imposing a fine may

be recorded in the public records and thereafter shall constitute a lien against the Unit owned by the Non-complying Member, collectible by the Association as a Neighborhood Special Assessment against such Unit in the manner set forth in the Neighborhood Declaration.

(c) Notice to Alleged Non-Complying Members. Alleged Non-complying Members shall be notified by certified mail, return receipt requested, or by hand delivery, of a hearing at least five (5) days in advance of said hearing. No Alleged Non-Complying Member shall be given notice of hearing before the Enforcement Committee unless said Alleged Non-complying Member has first been given reasonable opportunity to rectify the alleged non-complying condition.

ARTICLE 10
PARLIAMENTARY RULES

The then latest edition of Robert's Rules of Order shall govern the conduct of meetings of this Association; provided, however, if such rules and regulations are in conflict with the Articles, these By-Laws or the Declaration, then the Articles, By-Laws or Declaration, as the case may be, shall govern.

ARTICLE 11
AMENDMENT OF THE BY-LAWS

11.1 Except as may otherwise be set forth herein, these By-Laws may be amended by the affirmative vote of not less than a majority of the members present at an Annual Meeting or a special meeting of the members and the affirmative approval of a majority of the Board of Directors at a regular or special meeting of the Board of Directors. A copy of the proposed amendment shall be sent to each member along with the notice of the special meeting of the members or Annual Meeting. An amendment may be approved at the same meeting of the Board of Directors and/or members at which such amendment is proposed.

11.2 An amendment may be proposed by either the Board of Directors or by the members, and after being proposed and approved by one of such bodies, it must be approved by the other as above set forth in order to become enacted as an amendment.

11.3 Amendments to these By-Laws shall be made in accordance with the requirements of the law and amendments thereto in effect at the time of amendment.

11.4 No modification or amendment to these By-Laws shall be effective which would affect or impair the priority or validity of


REC 0416 PAGE 0399

a mortgage held by any Institutional Mortgagee or Declarant, without the Institutional Mortgagee's or Declarant's prior written consent.

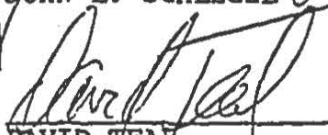
ARTICLE 12
CONFLICT

In the event of any conflict between the provisions of the Declaration, the Master Declaration, the Articles and the provisions of these By-Laws, the provisions of the Declaration, the Master Declaration and/or Articles shall prevail.

The foregoing By-Laws of Villas Neighborhood Association, Inc. are hereby adopted by all of the Directors of Villas Neighborhood Association, Inc. as and constituting the Board of Directors of said Association this 4th day of October, 1989.



JOHN L. SCHLEGEL



DAVID TEAL



STEVE TUBBS

wpd\rwl\ villas.law\7
10/02/89:ds

OFF 0416 PAGE 0400
REC

THE VILLAS NEIGHBORHOOD ASSOCIATION, INC.

1990 Initial Assessment

34 Units at \$265.62 = \$5,631.08 x 12
(includes \$24.03 a month for Hammock Dunes
Owners' Association)

Annual Receipts
\$67,577.04

89/ 018578
NO. 310-
FILES & RECORDS
O.R. BOOK 416 PAGE 400

DEC 12 AM 11:15
J. Strickland
CLERK OF COURT
FLAGLER COUNTY



FCC RD

chg. ITTCo
15.00

This Instrument Was Prepared By:
ROBERT G. CUFF, JR.
EXECUTIVE OFFICE
PALM COAST, FL 32061

AMENDMENT TO DECLARATION OF PROTECTIVE COVENANTS,
CONDITIONS AND RESTRICTIONS OF
THE VILLAS NEIGHBORHOOD

AMENDMENT #1

OFF REC 0422 PAGE 0404

WHEREAS, on December 15, 1989, ITT Community Development Corporation (Declarant) caused to be recorded in Official Records Book 416 at Pages 316-400, of the Public Records of Flagler County, Florida, the Declaration of Protective Covenants, Conditions and Restrictions of The Villas Neighborhood for that property as shown on the plats recorded at Map Book 28, Pages 55 and 56, and Map Book 28, Pages 60 and 61 of the Public Records of Flagler County, Florida, and

WHEREAS, this Declaration reserved the right to the Declarant to amend the Declaration from time to time, and

WHEREAS, the Declaration, as recorded, contained a scrivener's error in Exhibit E to the Declaration, and

WHEREAS, the Declarant now desires to amend the Declaration by correcting the scrivener's error as set out below.

NOW, THEREFORE, the Declarant declares that the existing Exhibit E to the Declaration of Protective Covenants, Conditions and Restrictions is deleted in its entirety and the new Exhibit E attached hereto and made a part hereof is substituted in its place, subject to all the terms and conditions of the above cited Declaration of Protective Covenants, Conditions and Restrictions.

IN WITNESS WHEREOF, ITT Community Development Corporation has hereunto caused this document to be signed by its proper officers this 1st day of February, 1990.

Signed in the presence of: ITT COMMUNITY DEVELOPMENT CORPORATION

Arlene Wilson

By: James E. Gardner

Victoria P. Gard

Attest: [Signature]

STATE OF FLORIDA
COUNTY OF FLAGLER

I HEREBY CERTIFY that on this 1st day of February, 1990, before me, a person authorized to take acknowledgements to deeds and other instruments, personally appeared James E. Gardner and

R IT PLAT

OFF REC 0422 PAGE 0405

Robert G. Cuff, President and Secretary, respectively of ITT COMMUNITY DEVELOPMENT CORPORATION, a Delaware corporation, to me known and known by me to be the persons who executed the foregoing instrument as such officers and they severally acknowledged the execution thereof to be their free act and deed as such officers for the uses and purposes therein mentioned and that they affixed thereto the official seal of said corporation and that the said instrument is the free act and deed of said corporation.

WITNESS my signature and official seal at Palm Coast, County of Flagler and State of Florida, on the day and year aforesaid.

Victoria P. Gard
Notary Public, State of Florida
at Large

My Commission Expires:

Notary Public, State of Florida
My Commission Expires June 1, 1992
Bonded Thru Troy Fain - Insurance Inc.



OFF REC 0422 PAGE 0406

EXHIBIT E

THE VILLAS NEIGHBORHOOD ASSOCIATION, INC.

1990 Initial Assessment

34 Units at \$165.62 = \$5,631.08 x 12
(including \$24.03 a month for Hammock Dunes
Owner's Association)

Annual Receipts
\$67,577.04

90/001736
FILED & RECORDED 404-
O.R. BOOK 422 PAGE 406

'90 FEB -6 P2:37
J. Daughtry, DC
SHEILA L. DAUGHTRY
CLERK OF CIRCUIT COURT
FLAGLER COUNTY, FLA.



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OFF 0460 PAGE 1900

FIRST SUPPLEMENT TO
DECLARATION OF PROTECTIVE COVENANTS
CONDITIONS AND RESTRICTIONS
OF VILLAS NEIGHBORHOOD

THIS FIRST SUPPLEMENT TO DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS OF VILLAS NEIGHBORHOOD is made this 27th day of January, 1992, by ITT COMMUNITY DEVELOPMENT CORPORATION, a Delaware corporation (the "Declarant"), and joined in by ADMIRAL CORPORATION, a Florida corporation.

RECITALS:

WHEREAS, Declarant is presently developing a planned community located in Flagler County, Florida known as Hammock DunesSM Private Community pursuant to the Declaration of Protective Covenants, Conditions and Restrictions for Hammock Dunes, dated May 11, 1989, and recorded on May 19, 1989, in Official Records Book 392, Page 343, of the Public Records of Flagler County, Florida (the "Master Declaration"); and

WHEREAS, pursuant to the Master Declaration, Declarant established different "Neighborhoods" within Hammock Dunes and subjected such real property to Neighborhood Declarations; and

WHEREAS, Declarant recorded the Declaration of Protective Covenants, Conditions and Restrictions of Villas Neighborhood dated December 6, 1989, and recorded on December 15, 1989, in Official Records Book 416, Page 316, of the Public Records of Flagler County, Florida (the "Declarations") for the Villas Neighborhood; and

WHEREAS, the Villas Neighborhood is a Neighborhood created pursuant to Article 7 of the Master Declaration and the Declaration is a Neighborhood Declaration pursuant to Article 7 of the Master Declaration; and

WHEREAS, Declarant desires to supplement the Declaration by adding that certain real property known as the Subdivision Plat of Monterrey which is legally described in Exhibit "A" hereto (the "Monterrey Supplemental Land") to the Land described in the Declaration so that the Monterrey Supplemental Land is subject to the Declaration; and

WHEREAS, Declarant has created the Villas Neighborhood Association, Inc., a Florida corporation not for profit (the "Association") which is the Neighborhood Association responsible for the operation of the Villas Neighborhood as set forth in the Declaration. The Association is NOT a condominium association under Chapter 718, Florida Statutes; and

Hammock DunesSM is a registered service mark of ITT Community

WHEREAS, the Association is responsible for certain matters of administration and maintenance of the Villas Neighborhood, including, but not limited to, the collection of Assessments from each Owner of a Unit within Villas Neighborhood; and

WHEREAS, the Hammock Dunes is administered by the Hammock Dunes Owners' Association, Inc. (the "Owners Association") pursuant to the Master Declaration; and

WHEREAS, The Monterrey Supplemental Land has been added to the Master Declaration as "Committed Property" pursuant to the Fifth Supplement to Declaration of Protective covenants, Conditions and Restrictions for Hammock Dunes being recorded simultaneously herewith.

DECLARATION:

NOW, THEREFORE, Declarant declares that the Monterrey Supplemental Land is added to the Land described in the Declaration and shall be owned, used, sold, conveyed, encumbered, demised and occupied subject to all of the provisions, covenants, restrictions, easements, obligations, charges and liens of the Master Declaration and the Declaration, all of which shall run with the land and be binding on all parties having any right, title or interest in the Monterrey Supplemental Land or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof and also states that:

1. The words and phrases used herein which are defined in the Master Declaration and Declaration shall have the meanings set forth in the Master Declaration and Declaration, except if the context thereof clearly indicated otherwise.

2. The Monterrey Supplemental Land shall be part of the Land and shall have the land uses as shown on the Revised Property Plan attached on Exhibit "E" hereto.

3. Each Owner within the Monterrey Supplemental Land, shall be a member of the Association and of the Owners Association upon taking title to the Unit and each Owner and each Unit within the Monterrey Supplemental Land, shall be subject to all of the terms and conditions of the Master Documents and the Declaration, Articles and By-laws, including but not limited to, the obligation of payment of Assessments and the respective liens therefore, as set for the in the Declaration and Master Declaration.

4. Declarant continues to reserve the right to supplement the Declaration by adding additional real property to the Land as described therein.

IN WITNESS WHEREOF, Declarant has caused these presents to be signed in its name and on its behalf of its President and attested to by its Secretary and its corporate seal affixed this 27th day of January, 1992.

Signed, sealed and delivered in the presence of:

Orlene Wilson

Debra K. Register

Parula Thompson

Victoria P. Gardner

Jean Hill

Shirley Wilson

Parula Thompson

Victoria P. Gardner

DECLARANT:
ITT COMMUNITY DEVELOPMENT CORPORATION, a Delaware corporation

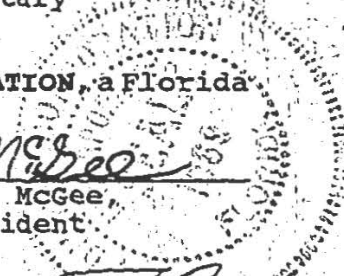
By: James E. Gardner
James E. Gardner, President

Attest: Robert G. Cuff, Jr.
Secretary

ADMIRAL CORPORATION, a Florida corporation

By: Donald D. McGee
Donald D. McGee,
Vice President

Attest: Robert G. Cuff, Jr.
Secretary



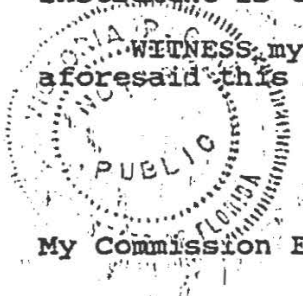
RECORD

OFF 0460 PAGE 1903
REC

STATE OF FLORIDA) SS:
COUNTY OF FLAGLER)

I HEREBY CERTIFY on this day personally appeared before me an officer duly authorized to take acknowledgments, James E. Gardner and Robert G. Cuff, Jr., the President and Secretary respectively, of ITT COMMUNITY DEVELOPMENT CORPORATION, a Delaware corporation, to me known to be the persons who signed the foregoing instrument as such officers, and they severally acknowledged that the execution thereof was their free act and deed as such officers for the uses and purposes therein expressed and that the said instrument is the act and deed of said Delaware corporation.

WITNESS my hand and official seal in the County and State last aforesaid this 27th day of January, 1992.



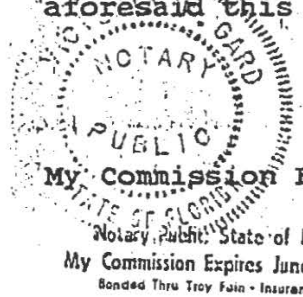
Victoria P. Gard
Notary Public
State of Florida

My Commission Expires: Notary Public, State of Florida
My Commission Expires June 1, 1992
Bonded Thru Troy Fain - Insurance Inc.

STATE OF FLORIDA) SS:
COUNTY OF FLAGLER)

I HEREBY CERTIFY on this day personally appeared before me an officer duly authorized to take acknowledgments, Donald D. McGee and Robert G. Cuff, Jr., the Vice President and Secretary respectively of ADMIRAL CORPORATION, a Florida corporation, to me known to be the persons who signed the foregoing instrument as such officers, and they severally acknowledged that the execution thereof was their free act and deed as such officers for the uses and purposes therein expressed and that the said instrument is the act and deed of said Florida corporation.

WITNESS my hand and official seal in the County and State last aforesaid this 27th day of January, 1992.



Victoria P. Gard
Notary Public
State of Florida

My Commission Expires:
Notary Public, State of Florida
My Commission Expires June 1, 1992
Bonded Thru Troy Fain - Insurance Inc.

OFF 0460 PAGE 1904
REC

Exhibit "A"




SUBDIVISION PLAT OF MONTERREY, according to the Plat thereof, as recorded in Map Book 29, Pages 77-79, of the Public Records of Flagler county, Florida.

FCC RD

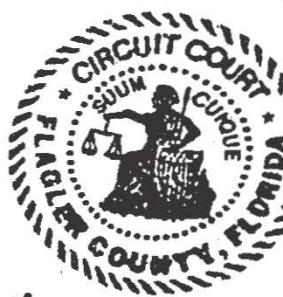
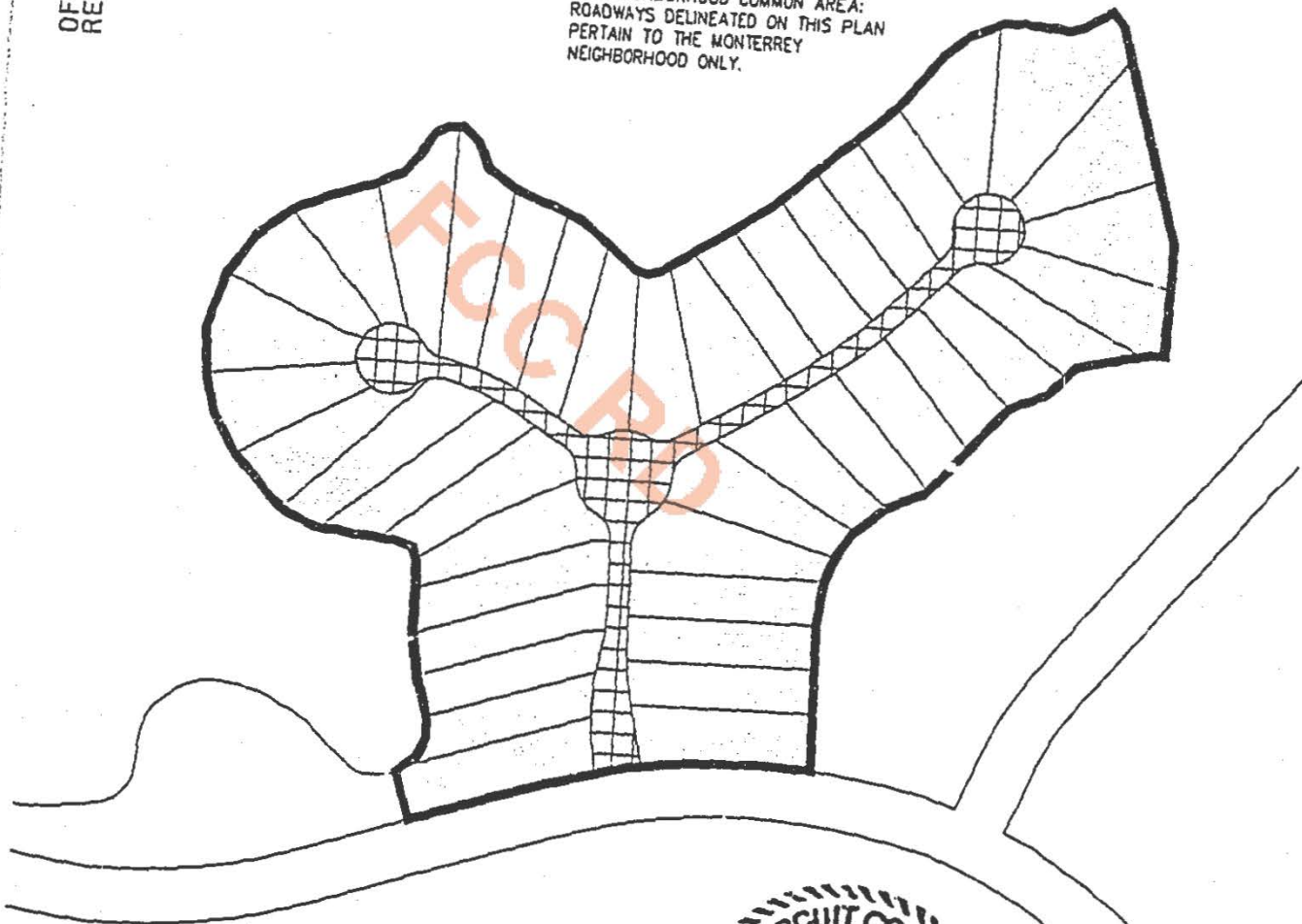
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Exhibit "B"

-  BOUNDARY OF PROPERTY PLAN
-  RESIDENTIAL
-  NEIGHBORHOOD COMMON AREA: *
ROADWAYS

* THE NEIGHBORHOOD COMMON AREA: ROADWAYS DELINEATED ON THIS PLAN PERTAIN TO THE MONTERREY NEIGHBORHOOD ONLY.



MAP B-1
MONTERREY
"PROPERTY PLAN"

92 JAN 29 NO: 20
SHELL N. HUNTER
CLERK OF CIRCUIT COURT
FLAGLER COUNTY, FLA.

NO. 92 001072
FILED & RECORDED 1900-
O.R. 890K 5/16/00 PAGE 1905

RIT REAT

Inst No:94003482 Date:03/04/1994
SYD CROSBY, FLAGLER County
By: [Signature] D.C. Time:15:17:

This instrument prepared by:
Robert G. Cuff
ITT Community Development Corporation
1 Corporate Drive
Palm Coast, Florida 32151

REC 0507 PAGE 0592

AMENDMENT TO DECLARATION OF PROTECTIVE COVENANTS,
CONDITIONS AND RESTRICTIONS OF
THE VILLAS NEIGHBORHOOD

AMENDMENT #2

WHEREAS, on December 15, 1989, ITT Community Development Corporation (Declarant) caused to be recorded in Official Records Book 416 at Pages 316-400, of the Public Records of Flagler County, Florida, the Declaration of Protective Covenants, Conditions and Restrictions of The Villas Neighborhood for that property as shown on the plats recorded at Map Book 28, Pages 55 and 56, and Map Book 28, Pages 60 and 61 of the Public Records of Flagler County, Florida, and

WHEREAS, this Declaration reserved the right to the Declarant to amend the Declaration from time to time, and

WHEREAS, Declarant previously amended this Declaration on February 26, 1990 as recorded in Official Records Book 422, Pages 404 through 406 of the Public Records of Flagler County, Florida (Amendment #1), and

WHEREAS, the Declarant now desires to further amend the Declaration to provide for Neighborhood Limited Common Areas, as set out below.

NOW, THEREFORE, the Declarant declares that the existing Declaration of Protective Covenants, Conditions and Restrictions is amended as follows:

1. Article I. DEFINITIONS, is hereby amended by the addition of the underlined language in the following existing definitions:

35. "Neighborhood Common Areas" shall mean all of the real property including any improvements and fixtures thereon, the use of which has been primarily or exclusively granted to the Neighborhood for the common use and enjoyment of the Owners in the Neighborhood. "Neighborhood Limited Common Areas" shall mean those portions of the Neighborhood Common Areas, the use of which has been exclusively granted to some, but not all, of the Owners or Lots within the Neighborhood. Unless the context clearly requires a different interpretation, references herein to Neighborhood Common Areas shall also be deemed to include any Neighborhood Limited Common Areas, subject to the requirement that the use of and the

assessments for expenses incurred by the Association in maintaining any Neighborhood Limited Common Areas shall be restricted to those Owners or Lots to whom the use of the pertinent Neighborhood Limited Common Area has been granted.

36. "Neighborhood Common Expenses" and "Neighborhood Limited Common Expenses" shall mean the expenses for which the members of the Neighborhood are liable to the Association and include, but are not limited to, the costs and expenses incurred by the Association in (i) fulfilling its obligations under the Master Documents, the Neighborhood Documents and applicable law; (ii) fulfilling its obligations under the Order; and (iii) administering, operating, and/or owning the Neighborhood Common Areas and Neighborhood Limited Common Areas, if any, all as fully described in the Neighborhood Documents. "Neighborhood Common Assessments" shall mean those assessments due to the Association for Neighborhood Common Expenses. "Neighborhood Limited Common Assessments" shall mean those assessments due to the Association from the Owners or Lots assigned the use of a Neighborhood Limited Common Area to pay for Neighborhood Limited Common Expenses attributable to the particular Neighborhood Limited Common Area. Unless the context clearly requires a different interpretation, references herein to Neighborhood Common Expenses and Neighborhood Common Assessments shall also be deemed to include any Neighborhood Limited Common Expenses and Neighborhood Limited Common Assessments, subject to the requirement that only those Owners or Lots assigned the use of a Neighborhood Limited Common Area shall be liable for the Neighborhood Limited Common Assessment attributable to a particular Neighborhood Limited Common Area. Neighborhood Common Expense Assessments and Neighborhood Limited Common Expense Assessments are in addition to Neighborhood Assessments, which are assessed by the Owners' Association.

2. Article III. HAMMOCK DUNES OWNERS' ASSOCIATION, INC. AND VILLAS NEIGHBORHOOD ASSOCIATION, INC., Paragraph D. Easement of Enjoyment and Use. is hereby amended by the addition of the following underlined language:

D. Easement of Enjoyment and Use. Every Owner of a Lot in the Neighborhood shall have a non-exclusive right and easement of enjoyment and use in and to the Neighborhood Common Areas for their intended purposes, which right and easement shall be appurtenant to and shall pass with the title to the Lot, subject to the Master Documents, the Declaration, and all applicable governmental regulations.

REC 0507 PAGE 0594

In the case of any Neighborhood Common Areas which have been designated Neighborhood Limited Common Areas, the assessment described in this Paragraph D shall only exist in favor of those Owners and Lots to whom the use of such Neighborhood Limited Common Areas has been assigned.

3. Article VIII. NEIGHBORHOOD COMMON EXPENSE ASSESSMENTS, OPERATING EXPENSES AND OTHER ASSESSMENTS is hereby amended by the addition of the following new Paragraph D:

D. Assessments for Neighborhood Limited Common Expenses. The provisions of this Article VIII concerning the assessment and collection of Neighborhood Common Expenses shall apply equally to the assessment and collection of any Neighborhood Limited Common Expenses, except that such Neighborhood Limited Common Expenses shall be assessed only against those Owners and Lots who are assigned the use of a particular Neighborhood Limited Common Area and, with respect to such Owners and Lots, shall be in addition to any assessments for other Neighborhood Common Expenses which are payable by all the Owners and Lots in the Neighborhood.

4. Except as expressly modified herein, the remainder of the Declaration of Protective Covenants, Conditions and Restrictions of Villas Neighborhood and any prior amendments or supplements thereto shall remain in full force and effect.

IN WITNESS WHEREOF, ITT Community Development Corporation has hereunto caused this document to be signed by its proper officers this 28th day of FEBRUARY, 1994.

Signed in the presence of:

ITT COMMUNITY DEVELOPMENT CORPORATION

Debra K. Register

By:

[Signature]

Patricia Thompson

Attest:

[Signature]

ROBERT G. CUFF, JR.



STATE OF FLORIDA
COUNTY OF FLAGLER

REC 0507 PAGE 0595

The foregoing AMENDMENT TO DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS OF THE VILLAS NEIGHBORHOOD was acknowledged this 28th day of FEBRUARY, 1994, by James E. Gardner and Robert G. Cuff, the President and Secretary, respectively of ITT COMMUNITY DEVELOPMENT CORPORATION, a Delaware corporation, on behalf of the corporation. They are personally known to me and did not take an oath.

Victoria P. Gard
Notary Public, State of Florida

My Commission Expires:



VICTORIA P. GARD
MY COMMISSION # CC 20009 EXPIRES
June 1, 1996
BONDED THROUGH FARM INSURANCE, INC.

RECORDED

RIT
CATT

Inst No:94003484 Date:03/04/1994
SYD CROSBY FLAGLER County
By: V. J. ... D.C. Time:15:17:

This instrument prepared by:
Robert Cuff
ITT Community Development Corporation
1 Corporation Drive
Palm Coast, Florida 32151

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REC

**SECOND SUPPLEMENT TO
DECLARATION OF PROTECTIVE COVENANTS
CONDITIONS AND RESTRICTIONS
OF VILLAS NEIGHBORHOOD**

(MARBELLA)

**THIS SECOND SUPPLEMENT TO DECLARATION OF PROTECTIVE COVENANTS,
CONDITIONS AND RESTRICTIONS OF VILLAS NEIGHBORHOOD is made this
day of February, 1994, by ITT COMMUNITY DEVELOPMENT
CORPORATION, a Delaware corporation (the "Declarant"), and joined
in by ADMIRAL CORPORATION, a Florida corporation.**

RECITALS:

**WHEREAS, Declarant is presently developing a planned community
located in Flagler County, Florida known as Hammock Dunes Private
Community pursuant to the Declaration of Protective Covenants,
Conditions and Restrictions for Hammock Dunes, dated May 11, 1989,
and recorded on May 19, 1989, in Official Records Book 392, Page
343, of the Public Records of Flagler County, Florida (the "Master
Declaration"); and**

**WHEREAS, pursuant to the Master Declaration, Declarant
established different "Neighborhoods" within Hammock Dunes and
subjected such real property to Neighborhood Declarations; and**

**WHEREAS, Declarant recorded the Declaration of Protective
Covenants, Conditions and Restrictions of Villas Neighborhood dated
December 6, 1989, and recorded on December 15, 1989, in Official
Records Book 416, Pages 316 through 400, of the Public Records of
Flagler County, Florida (the "Declaration") for the Villas
Neighborhood; and**

**WHEREAS, Declarant recorded the First Supplement to the
Declaration of Protective Covenants, Conditions and Restrictions of
Villas Neighborhood dated January 7, 1992, and recorded on January
29, 1992, in Official Records Book 460, Page 1900 et seq. of the
Public Records of Flagler County, Florida (the "First Supplement")
for the Villas Neighborhood; which First Supplement added the
property known as Monterrey to the Villas Neighborhood; and**

**WHEREAS, the Villas Neighborhood is a Neighborhood created
pursuant to Article 7 of the Master Declaration and the Declaration
is a Neighborhood Declaration pursuant to Article 7 of the Master
Declaration; and**

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WHEREAS, Declarant desires to supplement the Declaration by adding that certain real property known as the Subdivision Plat of Marbella which is legally described in Exhibit "A" hereto (the "Marbella Supplemental Land") to the Land described in the Declaration so that the Marbella Supplemental Land is subject to the Declaration; and

WHEREAS, Declarant has created the Villas Neighborhood Association, Inc., a Florida corporation not for profit (the "Association") which is the Neighborhood Association responsible for the operation of the Villas Neighborhood as set forth in the Declaration. The Association is NOT a condominium association under Chapter 718, Florida Statutes; and

WHEREAS, the Association is responsible for certain matters of administration and maintenance of the Villas Neighborhood, including, but not limited to, the collection of Assessments from each Owner of a Unit within Villas Neighborhood; and

WHEREAS, the Hammock Dunes is administered by the Hammock Dunes Owners' Association, Inc. (the "Owners Association") pursuant to the Master Declaration; and

WHEREAS, The Marbella Supplemental Land has been added to the Master Declaration as "Committed Property" pursuant to the 13th Supplement to Declaration of Protective Covenants, Conditions and Restrictions for Hammock Dunes being recorded simultaneously herewith.

DECLARATION:

NOW, THEREFORE, Declarant declares that the Marbella Supplemental Land is added to the Land described in the Declaration and shall be owned, used, sold, conveyed, encumbered, demised and occupied subject to all of the provisions, covenants, restrictions, easements, obligations, charges and liens of the Master Declaration and the Declaration, all of which shall run with the land and be binding on all parties having any right, title or interest in the Marbella Supplemental Land or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof and also states that:

1. Definitions. The words and phrases used herein which are defined in the Master Declaration and Declaration shall have the meanings set forth in the Master Declaration and Declaration, except if the context thereof clearly indicated otherwise.

2. Revised Property Plan and Land Uses. The Marbella Supplemental Land shall be part of the Land and shall have the land uses as shown on the Revised Property Plan attached on Exhibit "B" hereto.

REC 05:07 PAGE 0605

3. Owners are Members of Association and Villas Neighborhood Association. Each Owner within the Marbella Supplemental Land, shall be a member of the Association and of the Owners Association upon taking title to the Unit and each Owner and each Unit within the Marbella Supplemental Land, shall be subject to all of the terms and conditions of the Master Documents and the Declaration, Articles and By-laws, including but not limited to, the obligation of payment of Assessments and the respective liens therefore, as set for the in the Declaration and Master Declaration.

4. Limited Common Area Driveways. The common driveways and improvements to be constructed by the Declarant on the portions of Lots 5, 6, and 7 described in Exhibit C1, attached hereto and made a part hereof, are hereby designated as a Neighborhood Limited Common Area assigned to the exclusive use of Units 5, 6 and 7 of Marbella and the common driveways and improvements to be constructed by the Declarant on the portions of Lots 19, 20, 21, and 22 described in Exhibit C2, attached hereto and made a part hereof, are hereby designated a Neighborhood Limited Common Area for the exclusive use of Units 19, 20, 21 and 22 of Marbella. An easement in favor of each of the Units sharing such driveways, for encroachment and ingress and egress by vehicle or on foot, is hereby created over each Unit where such driveways are constructed by the Declarant. No Owner or other person shall park in or in any way obstruct any portion of the common driveways. All maintenance of such common driveways shall be by the Association and the expenses for such maintenance shall be a Neighborhood Limited Common Expense, paid for by Neighborhood Limited Common Assessments against only those Units to which the use of the common driveway is assigned.

5. Easements for View Across Side Yards. An easement for view is hereby created in the area of each Lot extending from the left hand side Lot line (as the Lot is viewed from Marbella Court) to the closest finished wall of the Unit constructed on that Lot. This easement shall be in favor of the Owner of the Lot abutting such easement area and the Members of the Association for the purpose of preserving the views of adjacent lakes and Hammock Dunes Equity Club golf course property from Marbella Court and the other Unit in Marbella across each Lot. No Owner shall permit any landscaping or improvements to be placed in the area encumbered by this easement except for such landscaping or improvements originally constructed by the Declarant as part of the original construction of the Unit on the Lot and thereafter maintained by the Association. It is the intention of this easement that the Lot be maintained in such a way that the area subject to this easement give the impression of a uniform open space between adjoining Lots and Units with no visible indication of the location of a particular side Lot line in the easement area.

6. Landscape Easements are Neighborhood Common Areas. The Landscape Easements across portions of Lots 1 and 26, as

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REC

described in Exhibits D1 and D2, respectively, attached hereto and made a part hereof, shall, regardless of ownership, be deemed Neighborhood Common Areas and be maintained solely by the Neighborhood Association. No Owner of Lot 1 or 26 shall place anything in or on the Landscape Easement.

7. Plat Agreement. All Owners of any portion of the Marbella Supplemental Land described in Exhibit A to this Second Supplement shall be subject to and abide by the terms of the Plat Agreement for Marbella, between the Declarant and Flagler County, Florida recorded at Official Records Book 504, Pages 834 of the Public Records of Flagler County, Florida.

8. Right to Record Further Supplements Reserved. Declarant continues to reserve the right to supplement the Declaration by adding additional real property to the Land as described therein.

IN WITNESS WHEREOF, Declarant has caused these presents to be signed in its name and on its behalf of its President and attested to by its Secretary and its corporate seal affixed this 28th day of February, 1994.

Signed, sealed and delivered in the presence of:

DECLARANT:
ITT COMMUNITY DEVELOPMENT CORPORATION, a Delaware corporation

Delra K. Begets

By: James E. Gardner
James E. Gardner, President

Patricia Thompson

Attest: Robert G. Cuff, Jr.
Secretary

Barbara Peacor

ADMIRAL CORPORATION, a Florida corporation

By: Lee Arberg
Lee Arberg, President

Victoria L. Gaud

Attest: Robert G. Cuff, Jr.
Secretary

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STATE OF FLORIDA
COUNTY OF FLAGLER

The foregoing instrument was acknowledged before me this 28th day of February, 1994 by James E. Gardner and Robert G. Cuff, Jr., the President and Secretary respectively, of ITT COMMUNITY DEVELOPMENT CORPORATION, a Delaware corporation, on behalf of the corporation. They are personally known to me and did not take an oath.

Victoria P. Gard
Notary Public
State of Florida

My Commission Expires:



VICTORIA P. GARD
MY COMMISSION # CC 202009 EXPIRES
June 1, 1996
EDICED THRU TRU TRAY FAIR INSURANCE, INC.

STATE OF FLORIDA
COUNTY OF FLAGLER

The foregoing instrument was acknowledged before me this 28th day of February, 1994 by Lee Arberg and Robert G. Cuff, Jr., the President and Secretary respectively of ADMIRAL CORPORATION, a Florida corporation, on behalf of the corporation.

Victoria P. Gard
Notary Public
State of Florida

My Commission Expires:



VICTORIA P. GARD
MY COMMISSION # CC 202009 EXPIRES
June 1, 1996
EDICED THRU TRU TRAY FAIR INSURANCE, INC.

LEGAL DESCRIPTION:

A parcel of land lying in Government Sections 4, 9 and 10, Township 11 South, Range 31 East, Flagler County, Florida, being more particularly described as follows:

A Point of Reference being the Northeast corner of said Government Section 9, thence South 00°37'39" East along the East line of said Section 9 for a distance of 1.24 feet to the POINT OF BEGINNING, thence South 35°28'08" East a distance of 439.25 feet, thence South 54°31'52" West a distance of 53.69 feet, thence South 07°42'18" West a distance of 54.34 feet to a point of curvature concave Northwesterly, having a radius of 100.00 feet and a central angle of 43°35'02", thence Southerly along the arc of said curve to the right, a distance of 76.07 feet, said arc subtended by a chord which bears South 29°29'49" West a distance of 74.25 feet to a point of tangency, thence South 51°17'20" West a distance of 50.58 feet, thence South 41°40'14" West a distance of 64.66 feet to a point of curvature concave Northerly, having a radius of 75.00 feet and a central angle of 54°42'31", thence Southwesterly along the arc of said curve to the right, a distance of 71.61 feet, said arc subtended by a chord which bears South 69°01'30" West, a distance of 68.92 feet to a point of tangency, thence North 83°37'15" West a distance of 177.31 feet to a point of curvature concave Northeasterly, having a radius of 90.00 feet and a central angle of 69°20'27", thence Westerly along the arc of said curve to the right a distance of 108.92 feet, said arc subtended by a chord which bears North 48°57'01" West a distance of 102.39 feet to a point of tangency, thence North 14°16'47" West a distance of 68.61 feet to a point of curvature, concave Southwesterly, having a radius of 50.00 feet and a central angle of 86°28'00", thence Northerly along the arc of said curve to the left a distance of 90.55 feet, said arc subtended by a chord which bears North 57°30'47" West a distance of 82.20 feet to a point of reverse curvature with said curve being concave Northeasterly, having a radius of 50.00 feet and a central angle of 79°31'56", thence Westerly along the arc of said curve to the right a distance of 69.40 feet, said arc subtended by a chord which bears North 60°58'49" West a distance of 63.97 feet to a point of tangency, thence North 21°12'51" West a distance of 117.56 feet to a point of curvature, concave Easterly, having a radius of 100.00 feet and a central angle of 45°57'30", thence Northerly along the arc of said curve to the right a distance of 80.2 feet, said arc subtended by a chord which bears North 01°45'54" East a distance of 78.08 feet to a point of tangency, thence North 24°44'39" East a distance of 5.82 feet to a point of curvature, concave Westerly, having a radius of 100.00 feet and a central angle of 42°10'41", thence Northerly along the arc of said curve to the left a distance of 73.6 feet, said arc subtended by a chord which bears North 03°39'18" East a distance of 71.96 feet to a point of tangency, thence North 17°26'03" West a distance of 153.42 feet to a point of intersection with a non-tangent curve, concave Northwesterly, having a radius of 432.00 feet and a central angle of 49°23'36", thence Easterly along the arc of said curve to the left a distance of 372.42 feet, said arc subtended by a chord which bears North 65°58'34" East a distance of 360.99 feet to the point of intersection with a non-tangent line, thence South 35°28'08" East a distance of 214.53 feet to the POINT OF BEGINNING

Parcel containing 7.6957 acres more or less.

Bearings refer to the Transverse Mercator Grid System of the East Zone of Florida and locally referenced to the East line of the northeast quarter (1/4) of Government Section 9, Township 11 South, Range 31 East, being South 00°37'39" East.

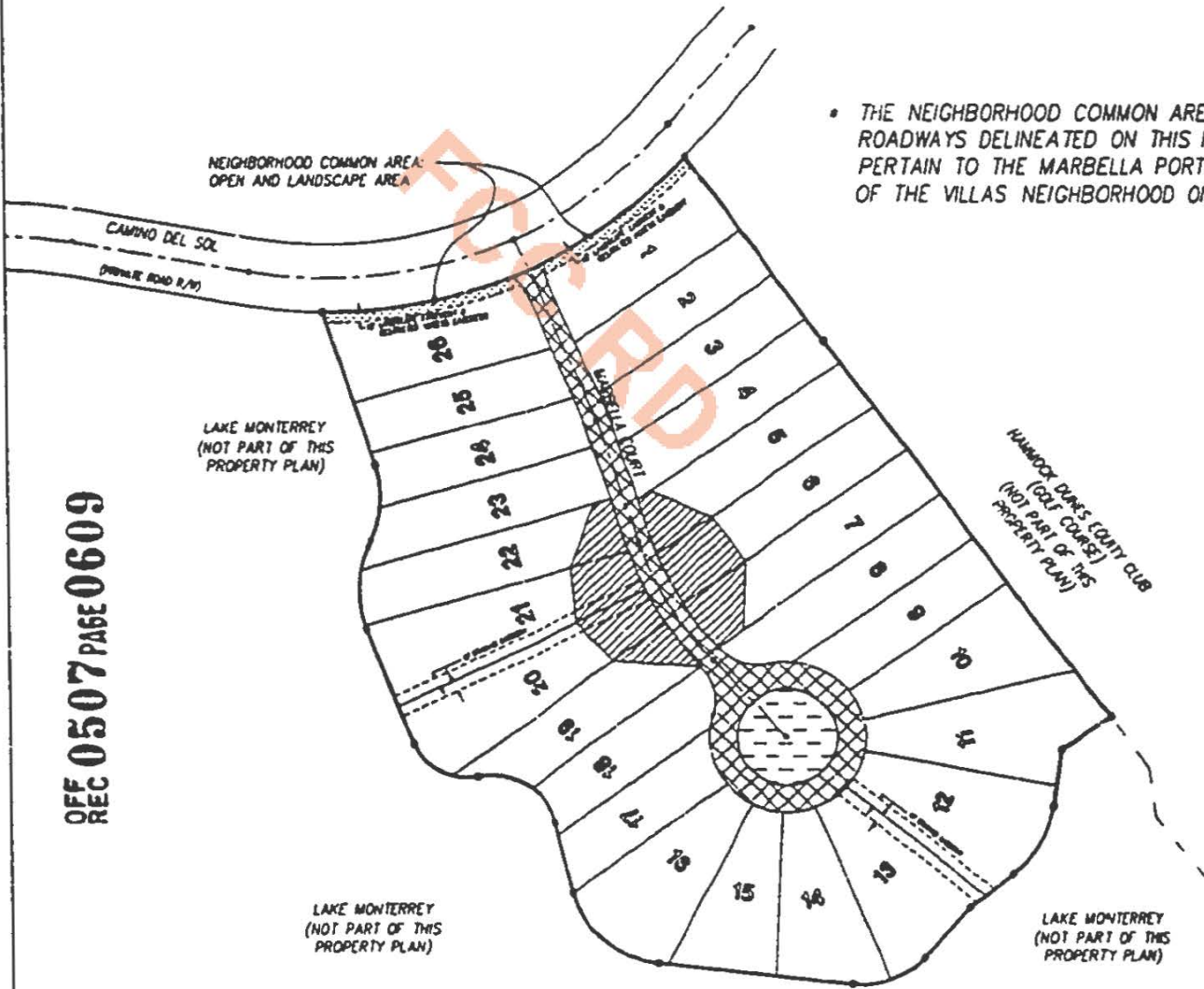
Exhibit A
to
Second Supplement to
Declaration of Covenants
Conditions and Restrictions
of Villas Neighborhood



SCALE: 1"=150'

- BOUNDARY OF PROPERTY PLAN
- RESIDENTIAL
- ⊗ NEIGHBORHOOD COMMON AREA: *
ROADWAYS
- ▨ NEIGHBORHOOD COMMON AREA: *
OPEN AND LANDSCAPE AREA
- ▩ NEIGHBORHOOD LIMITED COMMON AREA: *
DRIVEWAY

* THE NEIGHBORHOOD COMMON AREA: ROADWAYS DELINEATED ON THIS PLAN PERTAIN TO THE MARBELLA PORTION OF THE VILLAS NEIGHBORHOOD ONLY.

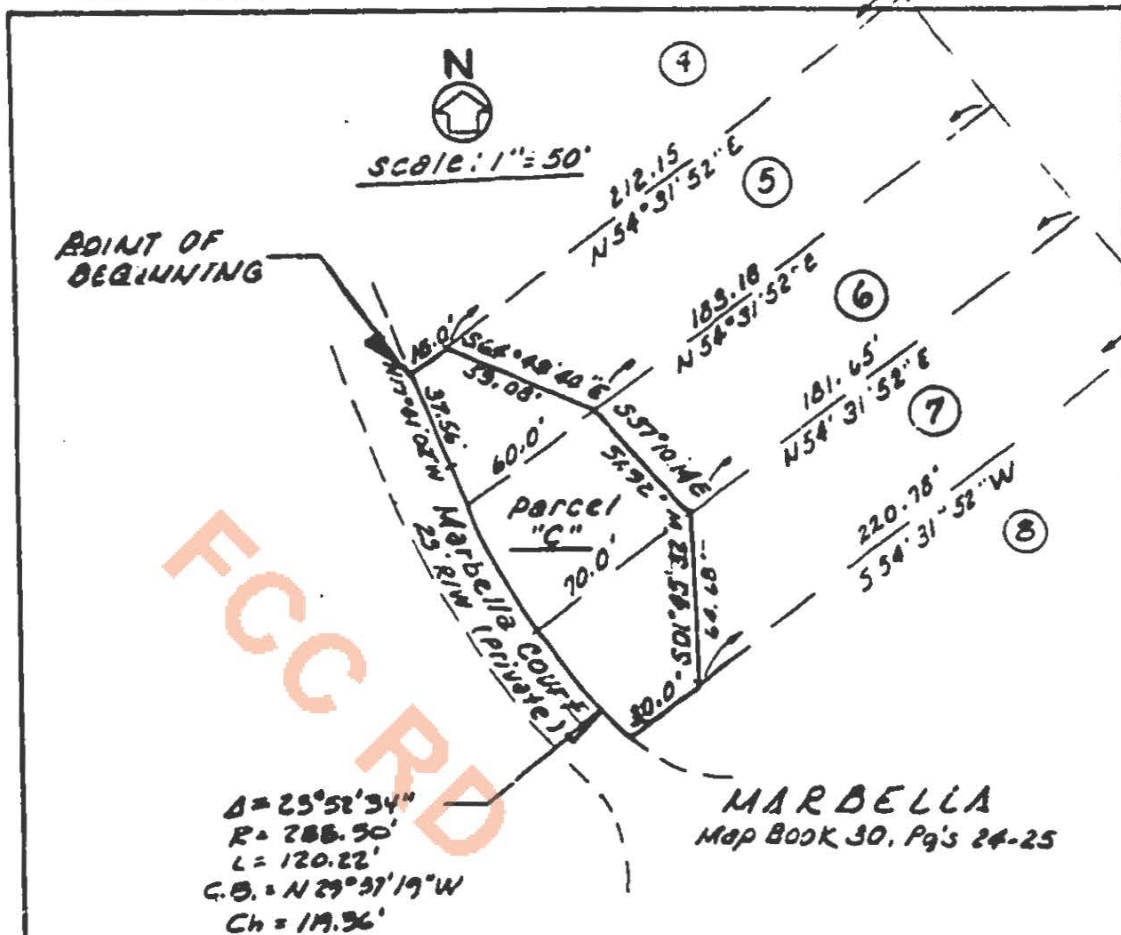


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Exhibit B
to
Second Supplement to
Declaration of Covenants
Conditions and Restrictions
of Villas Neighborhood

MAP C-15 MARBELLA 'PROPERTY PLAN'

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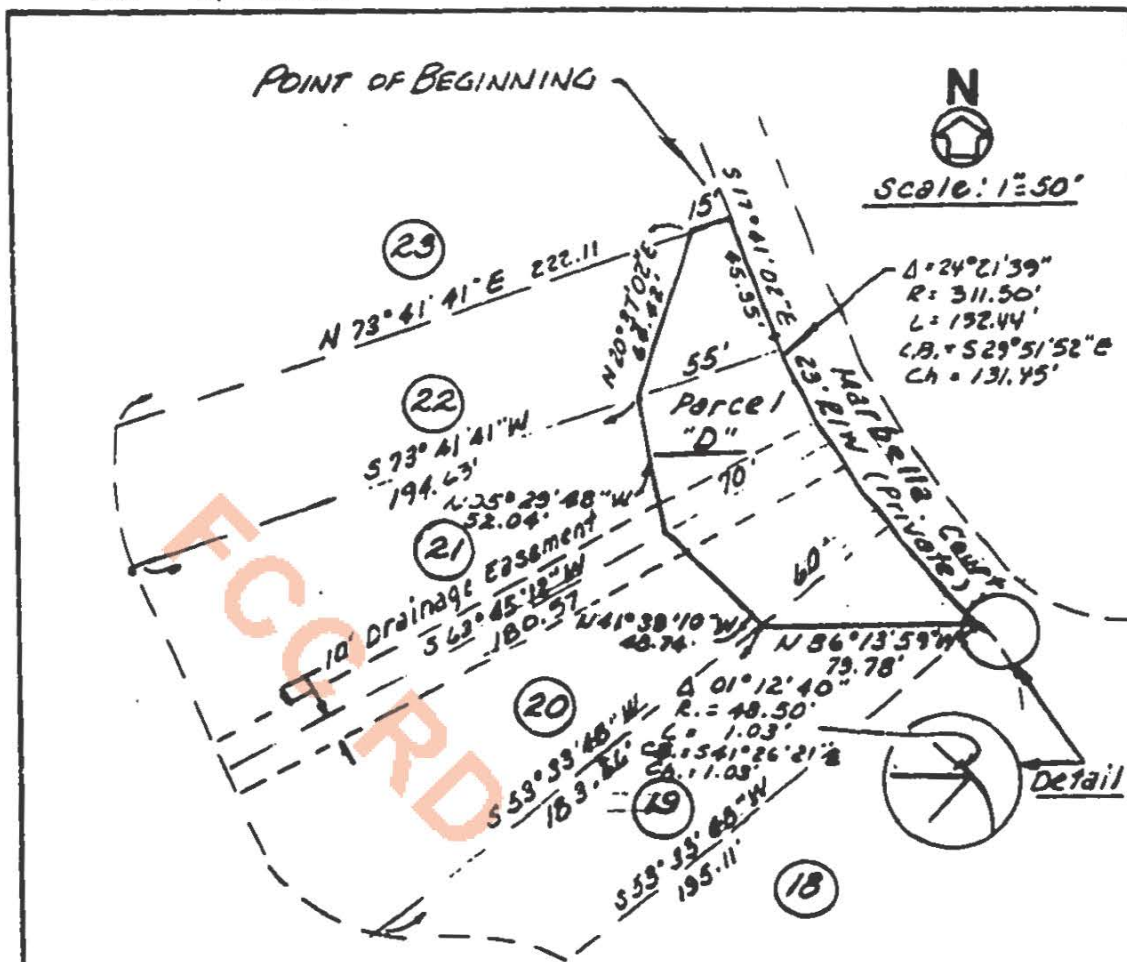


LEGAL DESCRIPTION - PARCEL C

Part of lots 5, 6, and 7, Plat of Marbella, as recorded in map in Map Book 30, pages 24-25, public records of Flagler County, Florida, being more particularly described as follows: From a POINT OF BEGINNING, being the northwest corner of lot 5; thence N54°31'52"E along the north line of said lot 5 for a distance of 15.00 feet; thence depart said north line and run S64°49'40"E 59.08 feet to a point on the north line of lot 6; thence S37°10'14"E 51.52 feet to a point on the north line of lot 7; thence S01°45'32"W 64.68 feet to a point on the south line of said lot 7; thence S54°31'52"W along the south line of said lot 7 for a distance of 30.00 feet to the easterly right of way line of Marbella Court (a 23.00 foot wide private right of way); thence northwesterly along said easterly right of way line of Marbella Court being also along the westerly line of lots 7, 6 and 5 for the following two courses: (1) run northwesterly along a curve to the right having a radius of 288.50 feet, a central angle of 23°52'34", an arc length of 120.22 feet and a chord bearing N29°37'19"W, 119.36 feet to a point of tangency; (2) thence N17°41'02"W 37.56 feet to the POINT OF BEGINNING.

Exhibit C1
to
Second Supplement to
Declaration of Covenants
Conditions and Restrictions
of Villas Neighborhood

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MARBELLA
MAP BOOK 30, Pg's 24-25

LEGAL DESCRIPTION - PARCEL D

Part of lots 19, 20, 21 and 22, Plat of Marbella, as recorded in map in Map Book 30, pages 24-25, public records of Flagler County, Florida, being more particularly described as follows: From a POINT OF BEGINNING, being the most northerly corner of said lot 22; thence southeasterly along the westerly right of way line of Marbella Court (a 23.00 foot wide private right of way) being also along the easterly line of lots 19 through 22 for the following three courses: (1) S17°41'02"E 45.35 feet to a point of curvature; (2) thence southeasterly along a curve to the left having a radius of 311.50 feet, a central angle of 24°21'39", an arc length of 132.44 feet and a chord bearing S29°51'52"E, 131.45 feet to a point of compound curvature; (3) thence southeasterly along a curve to the right having a radius of 48.50 feet, a central angle of 01°12'40", an arc length of 1.03 feet and a chord bearing S41°26'21"E, 1.03 feet; thence depart said westerly right of way line and run N86°13'59"W 79.78 feet to a point on the northerly line of lot 19; thence N41°39'10"W 48.74 feet to a point on the northerly line of lot 20; thence N05°29'48"W 52.04 feet to a point on the northerly line of lot 21; thence N20°37'02"E 64.42 feet to a point on the northerly line of lot 22; thence N73°41'41"E along the northerly line of lot 22 for a distance of 15.00 feet to the POINT OF BEGINNING.

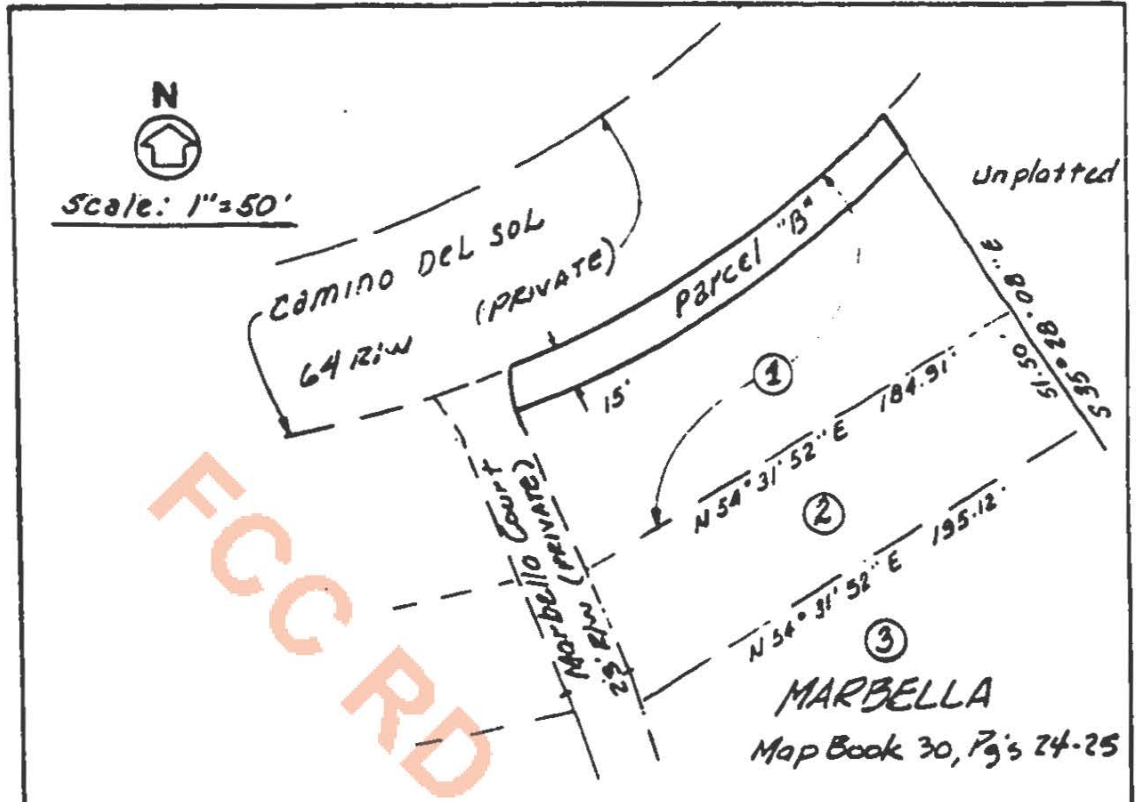
Exhibit C2
to

Second Supplement to
Declaration of Covenants
Conditions and Restrictions
of Villas Neighborhood

SKETCH OF LEGAL DESCRIPTION

TOMOKA ENGINEERING ASSOCIATES, INC.
14 Ridgewood Avenue, Daytona Beach, FL 32114 (904) 257-1600

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LEGAL DESCRIPTION - PARCEL B

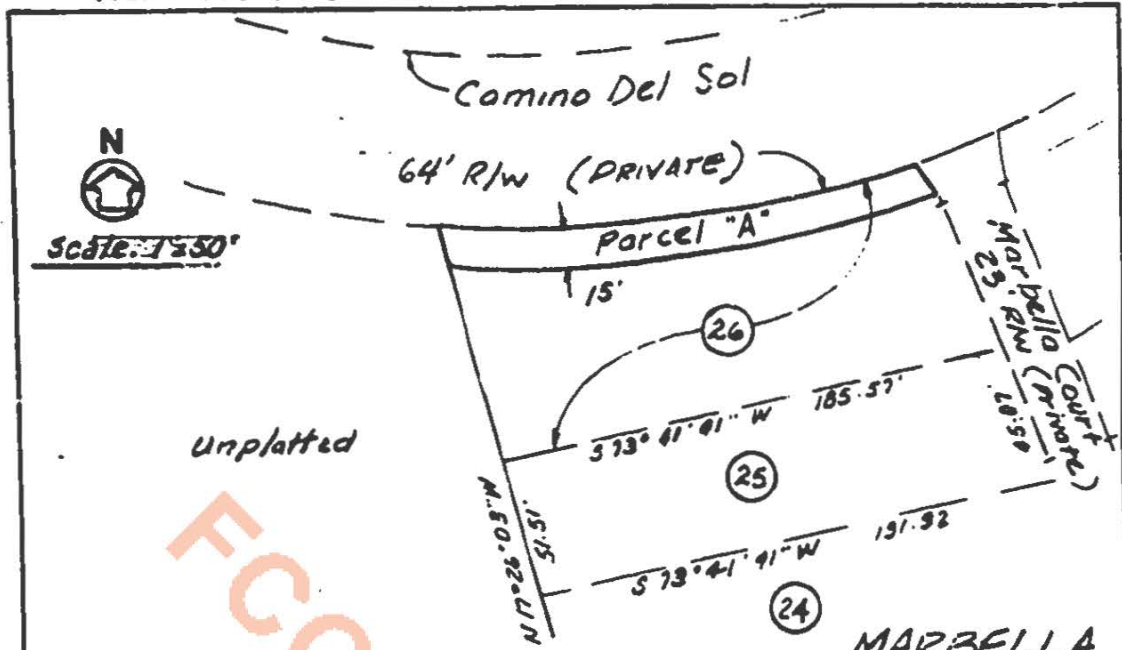
Part of lot 1 Plat of Marbella, as recorded in map in Map Book 30, pages 24-25, public records of Flagler County, Florida, being more particularly described as follows: the northerly 15.00 feet of said lot 1 as measured perpendicular to the south right of way line of Camino Del Sol, a 64.00 foot wide private right of way as shown on said Plat of Marbella.

Exhibit D1
to
Second Supplement to
Declaration of Covenants
Conditions and Restrictions
of Villas Neighborhood

REF# 94621A.1

01/29/94

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REC



FCC RD

LEGAL DESCRIPTION - PARCEL A

Part of lot 26 Plat of Marbella, as recorded in map in Map Book 30, pages 24-25, public records of Flagler County, Florida, being more particularly described as follows: the northerly 15.00 feet of said lot 26 as measured perpendicular to the south right of way line of Camino Del Sol, a 64.00 foot wide private right of way as shown on said Plat of Marbella.

Exhibit D2
to
Second Supplement to
Declaration of Covenants
Conditions and Restrictions
of Villas Neighborhood

TOMOKA ENGINEERING ASSOCIATES, INC.
300 South Ridgewood Avenue, Daytona Beach, FL 32114 (904) 257-1600

R/TRAT

Inst No:94003486 Date:03/04/1994
SYD CROSBY, FLAGLER County
By: V. [Signature] D.C. Time:15:17:

This instrument prepared by:
Robert Cuff
ITT Community Development Corporation
1 Corporation Drive
Palm Coast, Florida 32151

**THIRD SUPPLEMENT TO
DECLARATION OF PROTECTIVE COVENANTS
CONDITIONS AND RESTRICTIONS
OF VILLAS NEIGHBORHOOD**

(MONTILLA)

THIS THIRD SUPPLEMENT TO DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS OF VILLAS NEIGHBORHOOD is made this _____ **day of February, 1994, by ITT COMMUNITY DEVELOPMENT CORPORATION, a Delaware corporation (the "Declarant"), and joined in by ADMIRAL CORPORATION, a Florida corporation.**

RECITALS:

WHEREAS, Declarant is presently developing a planned community located in Flagler County, Florida known as Hammock Dunes® Private Community pursuant to the Declaration of Protective Covenants, Conditions and Restrictions for Hammock Dunes, dated May 11, 1989, and recorded on May 19, 1989, in Official Records Book 392, Page 343, of the Public Records of Flagler County, Florida (the "Master Declaration"); and

WHEREAS, pursuant to the Master Declaration, Declarant established different "Neighborhoods" within Hammock Dunes and subjected such real property to Neighborhood Declarations; and

WHEREAS, Declarant recorded the Declaration of Protective Covenants, Conditions and Restrictions of Villas Neighborhood dated December 6, 1989, and recorded on December 15, 1989, in Official Records Book 416, Pages 316 through 400, of the Public Records of Flagler County, Florida (the "Declaration") for the Villas Neighborhood; and

WHEREAS, Declarant recorded the First Supplement to the Declaration of Protective Covenants, Conditions and Restrictions of Villas Neighborhood dated January 7, 1992, and recorded on January 29, 1992, in Official Records Book 460, Page 1900 et seq. of the Public Records of Flagler County, Florida (the "First Supplement") for the Villas Neighborhood; which First Supplement added the property known as Monterrey to the Villas Neighborhood; and

WHEREAS, Declarant recorded the Second Supplement to the Declaration of Protective Covenants, Conditions and Restrictions of Villas Neighborhood dated February 23, 1994, and recorded on March _____, 1994, in Official Records Book _____, Page _____ et seq. of the Public Records of Flagler County, Florida (the "Second

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"Second Supplement") for the Villas Neighborhood; which Second Supplement added the property known as Marbella to the Villas Neighborhood; and

WHEREAS, the Villas Neighborhood is a Neighborhood created pursuant to Article 7 of the Master Declaration and the Declaration is a Neighborhood Declaration pursuant to Article 7 of the Master Declaration; and

WHEREAS, Declarant desires to supplement the Declaration by adding that certain real property known as the Subdivision Plat of Montilla which is legally described in Exhibit "A" hereto (the "Montilla Supplemental Land") to the Land described in the Declaration so that the Montilla Supplemental Land is subject to the Declaration; and

WHEREAS, Declarant has created the Villas Neighborhood Association, Inc., a Florida corporation not for profit (the "Association") which is the Neighborhood Association responsible for the operation of the Villas Neighborhood as set forth in the Declaration. The Association is NOT a condominium association under Chapter 718, Florida Statutes; and

WHEREAS, the Association is responsible for certain matters of administration and maintenance of the Villas Neighborhood, including, but not limited to, the collection of Assessments from each Owner of a Unit within Villas Neighborhood; and

WHEREAS, the Hammock Dunes is administered by the Hammock Dunes Owners' Association, Inc. (the "Owners Association") pursuant to the Master Declaration; and

WHEREAS, The Montilla Supplemental Land has been added to the Master Declaration as "Committed Property" pursuant to the 14th Supplement to Declaration of Protective Covenants, Conditions and Restrictions for Hammock Dunes being recorded simultaneously herewith.

DECLARATION:

NOW, THEREFORE, Declarant declares that the Montilla Supplemental Land is added to the Land described in the Declaration and shall be owned, used, sold, conveyed, encumbered, demised and occupied subject to all of the provisions, covenants, restrictions, easements, obligations, charges and liens of the Master Declaration and the Declaration, all of which shall run with the land and be binding on all parties having any right, title or interest in the Montilla Supplemental Land or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof and also states that:

1. Definitions. The words and phrases used herein which

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are defined in the Master Declaration and Declaration shall have the meanings set forth in the Master Declaration and Declaration, except if the context thereof clearly indicated otherwise.

2. Revised Property Plan and Land Uses. The Montilla Supplemental Land shall be part of the Land and shall have the land uses as shown on the Revised Property Plan attached on Exhibit "B" hereto.

3. Owners are Members of Association and Villas Neighborhood Association. Each Owner within the Montilla Supplemental Land, shall be a member of the Association and of the Owners Association upon taking title to the Unit and each Owner and each Unit within the Montilla Supplemental Land, shall be subject to all of the terms and conditions of the Master Documents and the Declaration, Articles and By-laws, including but not limited to, the obligation of payment of Assessments and the respective liens therefore, as set for the in the Declaration and Master Declaration.

4. Screen Enclosures Permitted. Notwithstanding any prohibitions in the Declaration to the contrary, Units in Montilla shall be permitted to have screen enclosures for pools and patios located in the rear yard, so long as the enclosures are installed as part of the original construction of the Unit by the Declarant or, if installed after such original construction, in compliance with the design standards for such enclosures in the Design Review Manual for Montilla and only after receiving written approval of the specific installation from the Design Review Committee.

5. Plat Agreement. All Owners of any portion of the Montilla Supplemental Land described in Exhibit A to this Third Supplement shall be subject to and abide by the terms of the Plat Agreement for Montilla, between the Declarant and Flagler County, Florida recorded at Official Records Book 504, Page 1478 of the Public Records of Flagler County, Florida.

6. Right to Record Further Supplements Reserved. Declarant continues to reserve the right to supplement the Declaration by adding additional real property to the Land as described therein.

IN WITNESS WHEREOF, Declarant has caused these presents to be signed in its name and on its behalf of its President and attested

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REC

to by its Secretary and its corporate seal affixed this 28th day of February, 1994.

Signed, sealed and delivered in the presence of:

Delva K. Register

Parula Thompson

Barbara Pearce

Victoria P. Gard

DECLARANT:
ITT COMMUNITY DEVELOPMENT CORPORATION, a Delaware corporation

By: James E. Gardner
James E. Gardner, President

Attest: Robert G. Cuff, Jr.
Secretary

ADMIRAL CORPORATION, a Florida corporation

By: Lee Arberg
Lee Arberg, President

Attest: Robert G. Cuff, Jr.
Secretary

FCCRD

STATE OF FLORIDA
COUNTY OF FLAGLER

The foregoing instrument was acknowledged before me this 28th day of February, 1994 by James E. Gardner and Robert G. Cuff, Jr., the President and Secretary respectively, of ITT COMMUNITY DEVELOPMENT CORPORATION, a Delaware corporation, on behalf of the corporation. They are personally known to me and did not take an oath.

Victoria P. Gard
Notary Public
State of Florida

My Commission Expires:

VICTORIA P. GARD
NOTARY PUBLIC
COMMISSION EXPIRES
JAN 1, 1995
STATE OF FLORIDA

OFF 0507 PAGE 0625
REC

STATE OF FLORIDA
COUNTY OF FLAGLER

The foregoing instrument was acknowledged before me this 20th day of February, 1994 by Lee Arberg and Robert G. Cuff, Jr., the President and Secretary respectively of ADMIRAL CORPORATION, a Florida corporation, on behalf of the corporation.

Victoria P. Gard
Notary Public
State of Florida

My Commission Expires:



VICTORIA P. GARD
MY COMMISSION # 0020009 EXPIRES
June 1, 1995
BONDED THROUGH TRISTY FAIR INSURANCE, INC.

C:\WP51\HAMDUNES\VILLASUP.3 rev: 2-18-94

RECORDED

OFF REC 0507 PAGE 0626

LEGAL DESCRIPTION:

A parcel of land lying in Government Sections 3, 4 and 10, Township 11 South, Range 31 East, Flagler County, Florida, being more particularly described as follows:

As a Point of Reference being the northwest corner of said Government Section 10 thence North $89^{\circ}02'49''$ East along the North line of said Section 10 a distance of 263.06 feet, to the POINT OF BEGINNING, thence departing said Section line North $48^{\circ}13'21''$ West a distance of 406.96 feet, thence North $39^{\circ}21'50''$ East a distance of 1.75 feet to a point of curvature, concave Southerly, having a radius of 446.00 feet and a central angle of $129^{\circ}24'23''$, thence Northeasterly along the arc of said curve to the right a distance of 1007.32 feet, said arc subtended by a chord which bears South $75^{\circ}55'58''$ East, a distance of 806.46 feet to a point of tangency, thence South $11^{\circ}13'47''$ East a distance of 568.82 feet to a point of curvature, concave Westerly, having a radius of 368.00 feet and a central angle of $48^{\circ}35'01''$, thence Southerly along the arc of said curve to the right, a distance of 312.04 feet, said arc subtended by a chord which bears South $13^{\circ}03'44''$ West a distance of 302.78 feet to a point of tangency, thence South $37^{\circ}21'15''$ West a distance of 16.58 feet, thence North $16^{\circ}02'54''$ West a distance of 421.69 feet to a point of curvature, concave Southwesterly, having a radius of 150.00 feet and a central angle of $32^{\circ}10'26''$, thence Northerly along the arc of said curve to the left a distance of 84.23 feet, said arc subtended by a chord which bears North $32^{\circ}08'07''$ West a distance of 83.13 feet to a point of tangency, thence North $48^{\circ}13'21''$ West a distance of 471.20 feet to the POINT OF BEGINNING.

Parcel containing 9.5788 acres more or less.

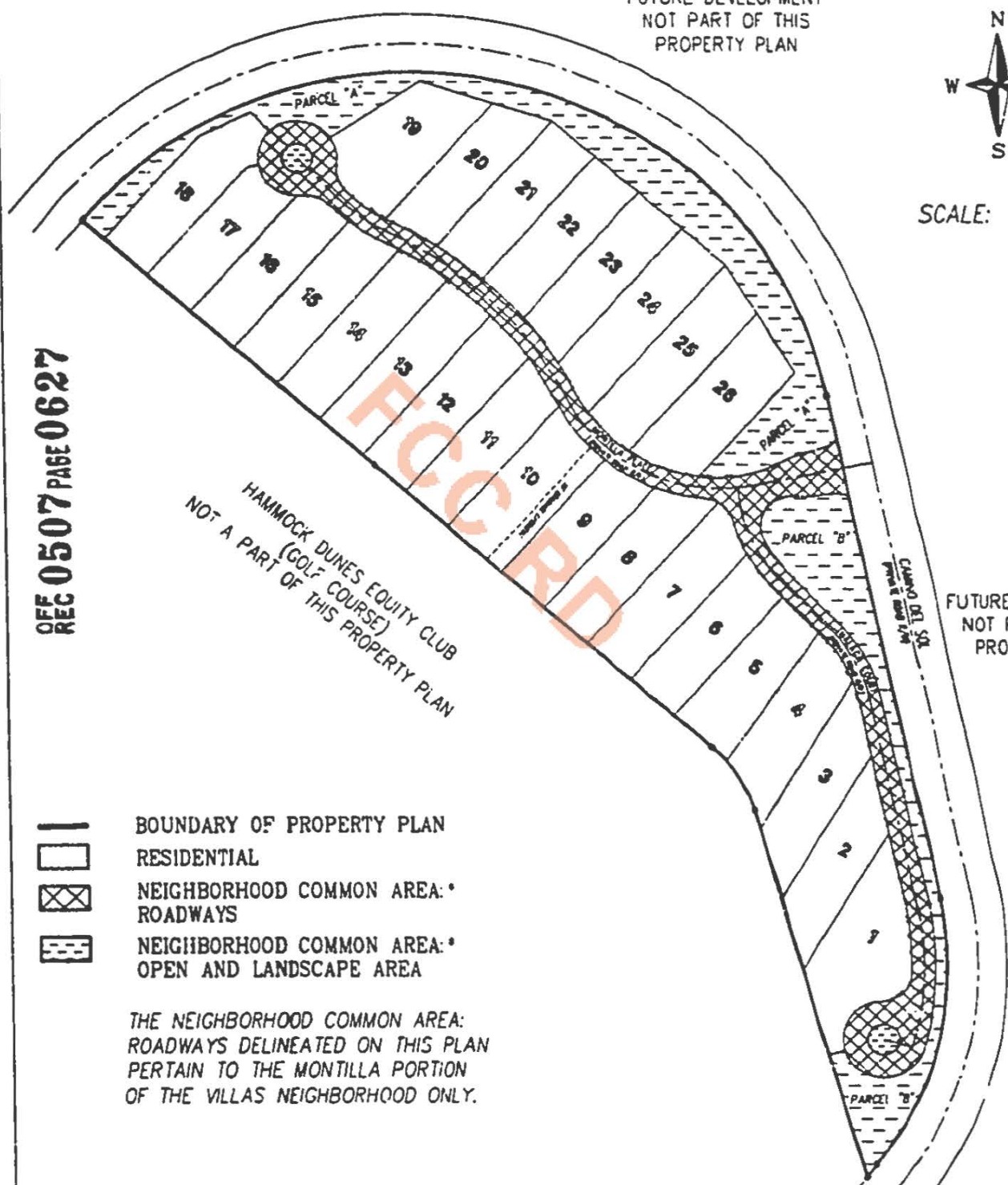
Bearings refer to the Transverse Mercator Grid System of the East Zone of Florida and locally referenced to the North line of the northwest quarter (1/4) of Government Section 10 Township 11 South, Range 31 East, being North $89^{\circ}02'49''$ East.

Exhibit A
to
Third Supplement to
Declaration of Covenants
Conditions and Restrictions
of Villas Neighborhood

FUTURE DEVELOPMENT
NOT PART OF THIS
PROPERTY PLAN







SCALE: 1"=150'



OFF 0507 PAGE 0627

HAMMOCK DUNES EQUITY CLUB
(GOLF COURSE)
NOT A PART OF THIS PROPERTY PLAN

FUTURE DEVELOPMENT
NOT PART OF THIS
PROPERTY PLAN

-  BOUNDARY OF PROPERTY PLAN
-  RESIDENTIAL
-  NEIGHBORHOOD COMMON AREA: ROADWAYS
-  NEIGHBORHOOD COMMON AREA: OPEN AND LANDSCAPE AREA

THE NEIGHBORHOOD COMMON AREA:
ROADWAYS DELINEATED ON THIS PLAN
PERTAIN TO THE MONTILLA PORTION
OF THE VILLAS NEIGHBORHOOD ONLY.

Exhibit B
to
Third Supplement to
Declaration of Covenants
Conditions and Restrictions
of Villas Neighborhood

MAP C-16 MONTILLA 'PROPERTY PLAN'

RT This instrument prepared by:
Robert G. Cuff
ITT Community Development Corporation
1 Corporate Drive
Palm Coast, Florida 32151

Inst No:94011169 Date:07/27/1994
SYD CROSBY, FLAGLER County
By: [Signature] D.C. Time:11:30:

**AMENDMENT TO SECOND SUPPLEMENT TO
DECLARATION OF PROTECTIVE COVENANTS
CONDITIONS AND RESTRICTIONS
OF VILLAS NEIGHBORHOOD**

Above space for recording information

(MARBELLA AMENDMENT #1)

THIS AMENDMENT TO THE SECOND SUPPLEMENT TO DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS OF VILLAS NEIGHBORHOOD is made this 27th day of July, 1994, by ITT COMMUNITY DEVELOPMENT CORPORATION, a Delaware corporation (the "Declarant"), with offices at 1 Corporate Drive, Palm Coast, Florida.

RECITALS:

WHEREAS, on December 15, 1989, the Declarant caused to be recorded in Official Records Book 416 at Pages 316-400, of the Public Records of Flagler County, Florida, the Declaration of Protective Covenants, Conditions and Restrictions of The Villas Neighborhood (the "Declaration") for that property as shown on the plats recorded at Map Book 28, Pages 55 and 56, and Map Book 28, Pages 60 and 61 of the Public Records of Flagler County, Florida, and

WHEREAS, Declarant supplemented this Declaration with a Second Supplement, recorded in Official Records Book 507 at Pages 603-613, which Second Supplement added that property shown on the Plat of Marbella as recorded at Map Book 30, Pages 24-25 of the Public Records of Flagler County, Florida to the Villas Neighborhood, and

WHEREAS, the Declaration reserves the right to the Declarant to amend the Declaration from time to time, and

WHEREAS, Article IV, Paragraph B of the Declaration reserves to the Declarant the right to create easements over the Neighborhood Property for the purposes stated therein, and

WHEREAS, the Declarant now desires to amend the Second Supplement to the Declaration to provide for certain utility easements over a portion of the Neighborhood Property, as set out below.

NOW, THEREFORE, the Declarant declares that the existing Second Supplement to the Declaration of Protective Covenants, Conditions and Restrictions (Marbella) is amended as follows:

1. the Second Supplement is hereby amended by the addition of a new Paragraph 9 to read as follows:

9. Utility Easements. An easement for the installation, maintenance, construction and repair of utility lines and associated structures and for other purposes permitted by Article IV, Paragraph B of the Declaration is hereby reserved on, over, under and across the portion of the Neighborhood Property described in Exhibit E, attached hereto and made a part hereof, in favor of the Declarant, the Owners Association, the Association, the Dunes Community Development District and their successors and assigns.

2. Except as expressly modified herein, the remainder of the Declaration of Protective Covenants, Conditions and Restrictions of Villas Neighborhood and any prior amendments or supplements thereto shall remain in full force and effect.

IN WITNESS WHEREOF, ITT Community Development Corporation has hereunto caused this document to be signed by its proper officers this 24th day of July, 1994.

Signed in the presence of: ITT COMMUNITY DEVELOPMENT CORPORATION

Panela Thompson
PANELA THOMPSON

By: *James E. Gardner*
James E. Gardner, President

Rachel L. Keene
RACHEL L. KEENE

Attest: *Robert G. Cuff*
Robert G. Cuff, Secretary

STATE OF FLORIDA
COUNTY OF FLAGLER

The foregoing AMENDMENT TO THE SECOND SUPPLEMENT TO DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS OF THE VILLAS NEIGHBORHOOD was acknowledged this 24th day of July, 1994, by James E. Gardner and Robert G. Cuff, the President and Secretary, respectively of ITT COMMUNITY DEVELOPMENT CORPORATION, a Delaware corporation, on behalf of the corporation. They are personally known to me and did not take an oath.

Debra K. Register
Debra K. Register
Notary Public, State of Florida

My Commission Expires:

My Commission No. is:



Notary Public, State of Florida
DEBRA K. REGISTER
My Comm. exp. Jan 14, 1997
Comm. No. CC 253385

The following Legal Description prepared by Clyde W. Roesch, Palm Coast Engineering and Design Services, Inc. 5 Hargrove Grade, Palm Coast, Florida.

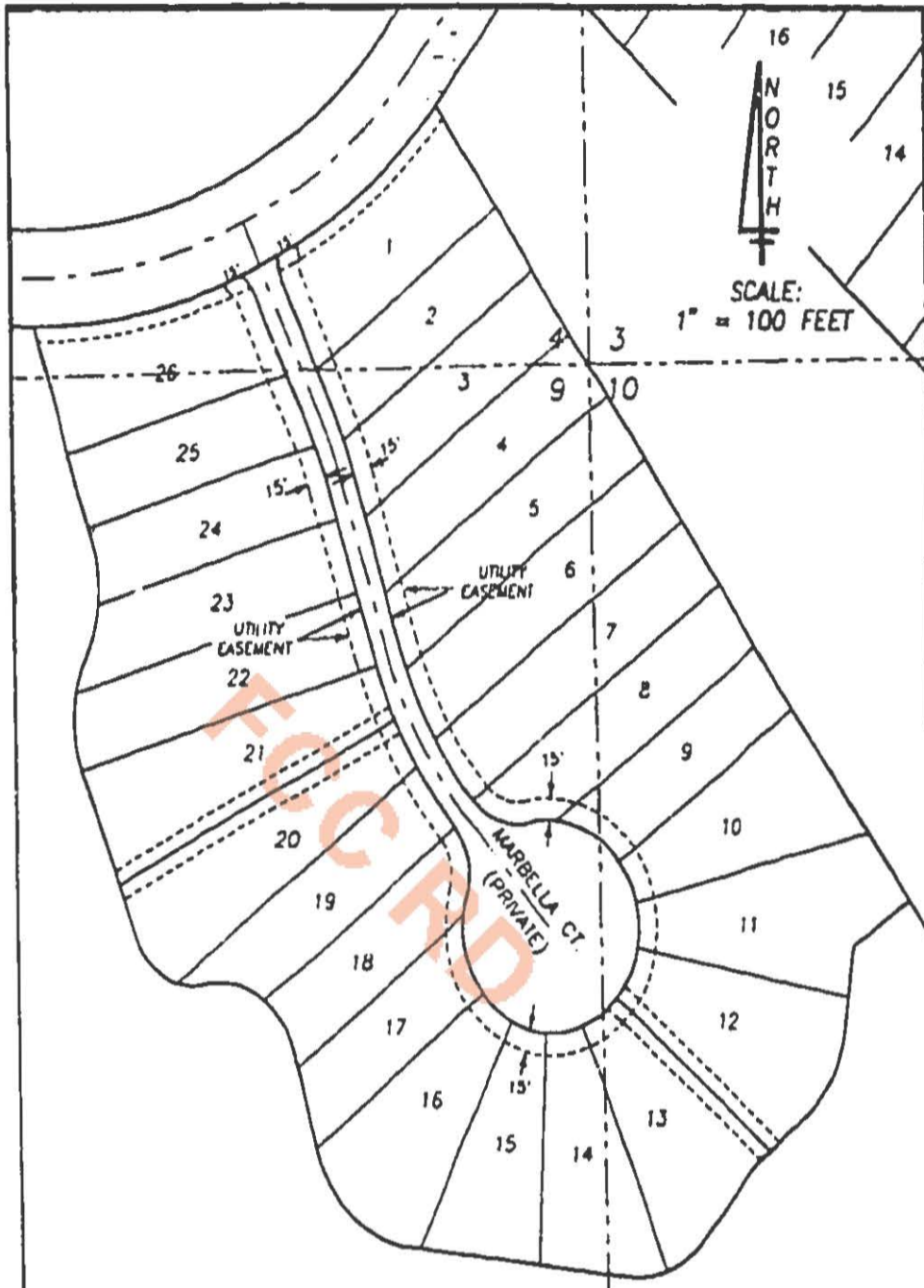
Date; July 21, 1994.

Utility easement, Marbella Subdivision.

DESCRIPTION:

A parcel of land being a portion of Lots 1 through 26, of the Subdivision Plat of Marbella, recorded in Map Book 30, Page 24 and 25 of the Public Records of Flagler County, Florida, said parcel being fifteen (15) feet in width lying adjacent to and conterminous with the right-of-way line of Marbella Court, said parcel lying within Government Sections 4, 9 and 10, Township 11 South, Range 31 East, Flagler County, Florida.

The above description is accompanied by an attached drawing titled "SKETCH OF LEGAL DESCRIPTION".



DRAWING FOR INFORMATION ONLY.
NOT A BOUNDARY SURVEY.

SUBDIVISION PLAT
MARBELLA
MAP BOOK 30, PAGES 24 AND 25.

SKETCH OF LEGAL DESCRIPTION

A PARCEL OF LAND LYING WITHIN
GOVERNMENT SECTIONS 4, 9 AND 10, TOWNSHIP 11 SOUTH,
RANGE 31 EAST, FLAGLER COUNTY, FLORIDA.

| | |
|--------------------|--|
| REVISION | |
| REVISION | |
| REVISION | |
| DRAWN BY C. ROESCH | |
| JULY 21, 1994 | |

PREPARED BY: PALM COAST ENGINEERING AND DESIGN SERVICES INCORPORATED
5 MANGROVE GRADE, PALM COAST, FLORIDA 32051

* Debbine Register with p/u

Inst No:94014173 Date:09/15/1994
SYD CROSBY, FLAGLER County
By: J. Daughtrey, D.C. Time:14:33:

This instrument prepared by:
Robert G. Cuff
ITT Community Development Corporation
1 Corporate Drive
Palm Coast, Florida 32151

OFF REC 0519 PAGE 0446

AMENDMENT TO DECLARATION OF PROTECTIVE
COVENANTS, CONDITIONS AND RESTRICTIONS
OF THE VILLAS NEIGHBORHOOD

AMENDMENT #3

Above space for recording information

WHEREAS, on December 15, 1989, ITT Community Development Corporation (Declarant) caused to be recorded in Official Records Book 416 at Pages 316-400, of the Public Records of Flagler County, Florida, the Declaration of Protective Covenants, Conditions and Restrictions of The Villas Neighborhood for that property as shown on the plats recorded at Map Book 28, Pages 55 and 56, and Map Book 28, Pages 60 and 61 of the Public Records of Flagler County, Florida, and

WHEREAS, this Declaration reserved the right to the Declarant to amend the Declaration from time to time, and

WHEREAS, Declarant previously amended this Declaration on February 26, 1990 as recorded in Official Records Book 422, Pages 404 through 406 (Amendment #1) and on February 28, 1994 as recorded in Official Records Book 507, Pages 592 through 595, all of the Public Records of Flagler County, Florida, and

WHEREAS, the Declarant now desires to further amend the Declaration.

NOW, THEREFORE, the Declarant declares that the existing Declaration of Protective Covenants, Conditions and Restrictions is amended as follows:

1. Article I. DEFINITIONS, is hereby amended by the addition of the following definition and the remaining, existing definitions are renumbered accordingly:

49. "Subdivision" shall mean that portion of the real property within the Neighborhood subdivided as shown on a single plat map recorded in the Official Records of the County.

2. As of the date of this Amendment, the existing Subdivisions (as defined in this Amendment) of the Villas Neighborhood are: Villas del Mar and Ville di Capri, Monterrey, Marbella, and Montilla. Future Subdivisions may be designated in the Supplement which adds the land described in the Supplement to the Neighborhood Property.

3. Article VIII. NEIGHBORHOOD COMMON EXPENSE ASSESSMENTS, OPERATING EXPENSES AND OTHER ASSESSMENTS is hereby amended to delete the language indicated below by strikeout and the addition of the following underlined language to Paragraph A.1.(a):

(a) The Association, by the Board of Directors, shall prepare and adopt in accordance with the By-Laws annual budgets (the "Budget") for the operation and management of the Association and the Neighborhood which shall set forth Neighborhood Common Expenses. The Budget shall also disclose the Owners' shares of the Operating Expenses, which are in addition to the Neighborhood Common Expenses and are due to the Owners' Association. The Association's obligation to collect these Operating Expenses is set forth in Article 10.01(d) of the Master Declaration. The total Neighborhood Common Expenses shall be divided equally among all Lots in the Neighborhood as follows: (i) those portions of the Neighborhood Common Expenses which are applicable to the overall operation of the Neighborhood including, but not limited to, insurance premiums, administrative expenses, management fees, legal expenses, accounting fees and utility services that are not metered to a particular Subdivision in the Neighborhood shall be divided equally among all Lots in the Neighborhood; (ii) those Neighborhood Common Expenses which pertain to the maintenance, replacement or repair of Lots, Dwelling Units or Neighborhood Common Areas in a particular Tract or Subdivision of the Neighborhood including, but not limited to, landscape maintenance, special paving, fountains, signs or entrance features, lighting, or utility services which are separately metered to improvements in a particular Subdivision in the Neighborhood shall be divided equally among all of the Lots in the particular Subdivision of the Neighborhood to which the Neighborhood Common Expenses pertain. The resulting Owner's share of Neighborhood Common Expenses which is the "Neighborhood Common Expense Assessment" shall be assessed against each Owner annually as part of the Annual Assessment. The Annual Assessment shall also include, in addition to a Neighborhood Common Expense Assessment, such Owners' applicable portion of Operating Expenses, which shall be estimated by the Board of Directors if not yet available from the Owners' Association. If a Subdivision or Tract~~(s)~~ becomes part of the Neighborhood, Declarant shall have the right in its sole discretion to amend this Declaration to set forth the obligations of such Subdivision or Tract~~(s)~~ as to Neighborhood Common Expenses.

4. Except as expressly modified herein, the remainder of the Declaration of Protective Covenants, Conditions and Restrictions of

Villas Neighborhood and any prior amendments or supplements thereto shall remain in full force and effect.

IN WITNESS WHEREOF, ITT Community Development Corporation has hereunto caused this document to be signed by its proper officers this 15th day of September, 1994.

Signed in the presence of: ITT COMMUNITY DEVELOPMENT CORPORATION

Carlene Wilson
Carlene Wilson

By: James E. Gardner
James E. Gardner, President

Rachel L. Kuff
Rachel L. Kuff

Attest: Robert G. Cuff
Robert G. Cuff, Secretary

STATE OF FLORIDA
COUNTY OF FLAGLER

The foregoing AMENDMENT TO DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS OF THE VILLAS NEIGHBORHOOD was acknowledged this 15th day of SEPTEMBER, 1994, by James E. Gardner and Robert G. Cuff, the President and Secretary, respectively of ITT COMMUNITY DEVELOPMENT CORPORATION, a Delaware corporation, on behalf of the corporation. They are personally known to me and did not take an oath.

Victoria P. Gard
VICTORIA P. GARD
Notary Public, State of Florida

My Commission Expires:



VICTORIA P. GARD
MY COMMISSION # CG 203009 EXPIRES
June 1, 1996
LOWE'S TRUSTEE FIDELITY INSURANCE, INC.

My Commission No. is:

This Document Prepared by:
Robert G. Cuff
1 Corporate Drive
Palm Coast, FL 32151

OFF REC 0530 PAGE 0555

Inst No: 95004057 Date: 03/30/1995
SYD CROSBY, FLAGLER County
By: [Signature] D.C. Time: 16:07

FOURTH SUPPLEMENT TO
DECLARATION OF PROTECTIVE COVENANTS
CONDITIONS AND RESTRICTIONS
OF VILLAS NEIGHBORHOOD

(LA COSTA)

THIS FOURTH SUPPLEMENT TO DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS OF VILLAS NEIGHBORHOOD is made this 29th day of March, 1995, by ITT COMMUNITY DEVELOPMENT CORPORATION, a Delaware corporation (the "Declarant"), and joined in by ADMIRAL CORPORATION, a Florida corporation.

Reserved for Recording Information

RECITALS:

WHEREAS, Declarant is presently developing a planned community located in Flagler County, Florida known as Hammock Dunes Private Community pursuant to the Declaration of Protective Covenants, Conditions and Restrictions for Hammock Dunes, dated May 11, 1989, and recorded on May 19, 1989, in Official Records Book 392, Page 343, of the Public Records of Flagler County, Florida (the "Master Declaration"); and

WHEREAS, pursuant to the Master Declaration, Declarant established different "Neighborhoods" within Hammock Dunes and subjected such real property to Neighborhood Declarations; and

WHEREAS, Declarant recorded the Declaration of Protective Covenants, Conditions and Restrictions of Villas Neighborhood dated December 6, 1989, and recorded on December 15, 1989, in Official Records Book 416, Pages 316 through 400, of the Public Records of Flagler County, Florida (the "Declaration") for the Villas Neighborhood; and

WHEREAS, Declarant recorded the First Supplement to the Declaration of Protective Covenants, Conditions and Restrictions of Villas Neighborhood dated January 7, 1992, and recorded on January 29, 1992, in Official Records Book 460, Page 1900 et seq. of the Public Records of Flagler County, Florida (the "First Supplement") for the Villas Neighborhood; which First Supplement added the property known as Monterrey to the Villas Neighborhood; and

WHEREAS, Declarant recorded the Second Supplement to the Declaration of Protective Covenants, Conditions and Restrictions of Villas Neighborhood dated February 28, 1994, and recorded on March 4, 1994, in Official Records Book 507, Page 603 et seq. of the Public Records of Flagler County, Florida (the "Second Supplement") for the Villas Neighborhood; which Second Supplement added the property known as Marbella to the Villas Neighborhood; and

WHEREAS, Declarant recorded the Third Supplement to the Declaration of Protective Covenants, Conditions and Restrictions of Villas Neighborhood dated February 28, 1994, and recorded on March 4, 1994, in Official Records Book 507, Page 621 et seq. of the Public Records of Flagler County, Florida (the "Third Supplement") for the Villas Neighborhood; which Third Supplement added the property known as Montilla to the Villas Neighborhood; and

WHEREAS, the Villas Neighborhood is a Neighborhood created pursuant to Article 7 of the Master Declaration and the Declaration is a Neighborhood Declaration pursuant to Article 7 of the Master Declaration; and

WHEREAS, Declarant desires to supplement the Declaration by adding that certain real property known as the Subdivision Plat of La Costa which is legally described in Exhibit "A" hereto (the "La Costa Supplemental Land") to the Land described in the Declaration so that the La Costa Supplemental Land is subject to the Declaration; and

WHEREAS, Declarant has created the Villas Neighborhood Association, Inc., a Florida corporation not for profit (the "Association") which is the Neighborhood Association responsible for the operation of the Villas Neighborhood as set forth in the Declaration. The Association is NOT a condominium association under Chapter 718, Florida Statutes; and

WHEREAS, the Association is responsible for certain matters of administration and maintenance of the Villas Neighborhood, including, but not limited to, the collection of Assessments from each Owner of a Unit within Villas Neighborhood; and

WHEREAS, the Hammock Dunes is administered by the Hammock Dunes Owners' Association, Inc. (the "Owners Association") pursuant to the Master Declaration; and

WHEREAS, The La Costa Supplemental Land has been added to the Master Declaration as "Committed Property" pursuant to the Sixteenth Supplement to Declaration of Protective Covenants, Conditions and Restrictions for Hammock Dunes being recorded simultaneously herewith.

DECLARATION:

NOW, THEREFORE, Declarant declares that the La Costa Supplemental Land is added to the Land described in the Declaration and shall be owned, used, sold, conveyed, encumbered, demised and occupied subject to all of the provisions, covenants, restrictions, easements, obligations, charges and liens of the Master Declaration and the Declaration, all of which shall run with the land and be binding on all parties having any right, title or interest in the La Costa Supplemental Land or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof and also states that:

1. Definitions. The words and phrases used herein which are defined in the Master Declaration and Declaration shall have the meanings set forth in the Master Declaration and Declaration, except if the context thereof clearly indicated otherwise.

2. Revised Property Plan and Land Uses. The La Costa Supplemental Land shall be part of the Land and shall have the land uses as shown on the Revised Property Plan attached on Exhibit "B" hereto.

3. Owners are Members of Association and Villas Neighborhood Association. Each Owner within the La Costa Supplemental Land, shall be a member of the Association and of the Owners Association upon taking title to the Unit and each Owner and each Unit within the La Costa Supplemental Land, shall be subject to all of the terms and conditions of the Master Documents and the Declaration, Articles and By-laws, including but not limited to, the obligation of payment of Assessments and the respective liens therefore, as set for the in the Declaration and Master Declaration.

4. Screen Enclosures Permitted. Notwithstanding any prohibitions in the Declaration to the contrary, Units in La Costa shall be permitted to have screen enclosures for pools and patios located in the rear yard, so long as the enclosures are installed as part of the original construction of the Unit by the Declarant or, if installed after such original construction, in compliance with the design standards for such enclosures in the Design Review Manual for La Costa and only after receiving written approval of the specific installation from the Design Review Committee.

5. Plat Agreement. All Owners of any portion of the La Costa Supplemental Land described in Exhibit A to this Fourth Supplement shall be subject to and abide by the terms of the Plat Agreement for La Costa, between the Declarant and Flagler County, Florida recorded at Official Records Book 30, Pages 53-54 of the Public Records of Flagler County, Florida.

6. Right to Record Further Supplements Reserved. Declarant continues to reserve the right to supplement the Declaration by adding additional real property to the Land as described therein.

IN WITNESS WHEREOF, Declarant has caused these presents to be signed in its name and on its behalf of its President and attested to by its Secretary and its corporate seal affixed this 29th day of March, 1995.

Signed, sealed and delivered in the presence of:

Rachel L. Keene

Victoria P. Gaed

DECLARANT:

ITT COMMUNITY DEVELOPMENT CORPORATION, a Delaware corporation

By: James E. Gardner
James E. Gardner, President

Attest: Robert C. Cuff, Jr.
Robert C. Cuff, Jr., Secretary

ADMIRAL CORPORATION, a Florida corporation

Richard Gardner

By: Lee Arberg
Lee Arberg, President

Robert G. Cuff, Jr.

Attest: Robert G. Cuff, Jr.
Robert G. Cuff, Jr., Secretary

REC 0530 PAGE 0558

STATE OF FLORIDA
COUNTY OF FLAGLER

The foregoing instrument was acknowledged before me this 29th day of MARCH, 1995 by James E. Gardner and Robert G. Cuff, Jr., the President and Secretary respectively, of ITT COMMUNITY DEVELOPMENT CORPORATION, a Delaware corporation, on behalf of the corporation. They are personally known to me and did not take an oath.

Victoria P. Gard
Notary Public
State of Florida

My Commission Expires:



VICTORIA P. GARD
MY COMMISSION # CC 202009 EXPIRES
June 1, 1996
BONDED THRU TROY FARM INSURANCE, INC.

FCCRD

STATE OF FLORIDA
COUNTY OF FLAGLER

The foregoing instrument was acknowledged before me this 29th day of MARCH, 1995 by Lee Arberg and Robert G. Cuff, Jr., the President and Secretary respectively of ADMIRAL CORPORATION, a Florida corporation, on behalf of the corporation.

Victoria P. Gard
Notary Public
State of Florida

My Commission Expires:



VICTORIA P. GARD
MY COMMISSION # CC 202009 EXPIRES
June 1, 1996
BONDED THRU TROY FARM INSURANCE, INC.

EXHIBIT A

La Costa
(Hammock Dunes Parcel 15B)

The following Legal Description prepared by Clyde W. Roesch, Palm Coast Engineering and Design Services, Inc. 5 Hargrove Grade, Palm Coast, Florida.

Date; August 8, 1994.

Hammock Dunes Parcel 15-B, Plat boundary.

DESCRIPTION:

A parcel of land lying northeast of State Road A-1-A, in Government Section 10, Township 11 South, Range 31 East, Flagler County, Florida, being more particularly described as follows;

A POINT OF REFERENCE being the northwest corner of Government Section 10, Township 11 South, Range 31 East, thence South $00^{\circ}37'39''$ East along the West line of Section 10 a distance of 1784.82 feet, thence departing said Section line North $89^{\circ}22'21''$ East a distance of 572.22 feet to the POINT OF BEGINNING of this description, thence North $71^{\circ}23'17''$ East a distance of 95.08 feet to a point of curvature, concave Northwesterly, thence Easterly a distance of 35.75 feet along the arc of said curve to the left having a central angle of $20^{\circ}28'57''$, a radius of 100.00 feet, a chord bearing of North $61^{\circ}08'49''$ East and a chord distance of 35.56 feet to a point of tangency, thence North $50^{\circ}54'20''$ East a distance of 38.36 feet to a point of curvature, concave Southwesterly, thence Northeasterly a distance of 201.05 feet along the arc of said curve to the right having a central angle of $127^{\circ}59'22''$, a radius of 90.00 feet, a chord bearing of South $65^{\circ}05'59''$ East and a chord distance of 161.78 feet to a point of tangency, thence South $01^{\circ}06'18''$ East a distance of 84.85 feet to a point of curvature, concave Northeasterly, thence Southerly a distance of 94.59 feet along the arc of said curve to the left having a central angle of $54^{\circ}11'52''$, a radius of 100.00 feet, a chord bearing of South $28^{\circ}12'14''$ East and a chord distance of 91.11 feet to a point of reverse curvature, concave Southwesterly, thence Southeasterly a distance of 294.84 feet along the arc of said curve to the right having a central angle of $39^{\circ}17'13''$, a radius of 430.00 feet, a chord bearing of South $35^{\circ}39'33''$ East and a chord distance of 289.10 feet to a point of tangency, thence South $16^{\circ}00'57''$ East a distance of 145.67 feet to a point of curvature, concave Northeasterly, thence Southerly a distance of 39.91 feet along the arc of said curve to the left having a central angle of $45^{\circ}44'15''$, a radius of 50.00 feet, a chord bearing of South $38^{\circ}53'04''$ East and a chord distance of 38.86 feet to a point of tangency, thence South $61^{\circ}45'12''$ East a distance of 18.80 feet to a point of curvature, concave Southwesterly, thence Southeasterly a distance of 116.66 feet along the arc of said curve to the right having a central angle of $66^{\circ}50'33''$, a radius of 100.00 feet, a chord bearing of South $28^{\circ}19'55''$ East and a chord distance of 110.16 feet to a point of tangency, thence South $05^{\circ}05'21''$ West a distance of 33.67 feet to a point of curvature, concave Easterly, thence Southerly a distance of 50.89 feet along the arc of said curve to the left having a central angle of $29^{\circ}09'20''$, a radius of 100.00 feet, a chord bearing of South $09^{\circ}29'19''$ East and a chord distance of 50.34 feet to a point of tangency, thence South $24^{\circ}03'59''$ East a distance of 28.49 feet to a point of curvature, concave Northwesterly, thence Southeasterly a

distance of 50.19 feet along the arc of said curve to the right having a central angle of $95^{\circ}51'11''$, a radius of 30.00 feet, a chord bearing of South $23^{\circ}51'37''$ West and a chord distance of 44.54 feet to a point of tangency, thence South $71^{\circ}47'12''$ West a distance of 93.88 feet to a point of curvature, concave Northerly, thence Westerly a distance of 102.92 feet along the arc of said curve to the right having a central angle of $58^{\circ}58'13''$, a radius of 100.00 feet, a chord bearing of North $78^{\circ}43'41''$ West and a chord distance of 98.44 feet to a point of tangency, thence North $49^{\circ}14'35''$ West a distance of 8.17 feet to a point of curvature, concave Southerly, thence Northwesterly a distance of 86.56 feet along the arc of said curve to the left having a central angle of $49^{\circ}35'43''$, a radius of 100.00 feet, a chord bearing of North $74^{\circ}02'26''$ West and a chord distance of 83.88 feet to a point of tangency, thence South $81^{\circ}09'43''$ West a distance of 127.62 feet to a point of curvature, concave Northeasterly, thence Westerly a distance of 50.26 feet along the arc of said curve to the right having a central angle of $95^{\circ}59'31''$, a radius of 30.00 feet, a chord bearing of North $50^{\circ}50'32''$ West and a chord distance of 44.59 feet to a point of tangency, thence North $02^{\circ}50'46''$ West a distance of 121.56 feet to a point of curvature, concave Westerly, thence Northerly a distance of 37.42 feet along the arc of said curve to the left having a central angle of $10^{\circ}43'08''$, a radius of 200.00 feet, a chord bearing of North $08^{\circ}12'20''$ West and a chord distance of 37.36 feet to a point of tangency, thence North $13^{\circ}33'54''$ West a distance of 165.09 feet to a point of curvature, concave Southerly, thence Northerly a distance of 93.59 feet along the arc of said curve to the left having a central angle of $153^{\circ}12'27''$, a radius of 35.00 feet, a chord bearing of South $89^{\circ}49'52''$ West and a chord distance of 68.10 feet to the point of intersection with a non-tangent line, thence North $76^{\circ}46'21''$ West a distance of 12.06 feet to a point on a non-tangent curve, concave Westerly, thence Northerly along the easterly right-of-way line of Camino del Rey a distance of 493.19 feet along the Arc of said curve to the left having a central angle of $44^{\circ}21'38''$, a radius of 637.00 feet, a chord bearing of North $09^{\circ}35'43''$ West and a chord distance of 480.96 feet to the the POINT OF BEGINNING.

Parcel containing 7.4439 acres more or less.

Bearings refer to the Transverse Mercator Grid System of the East Zone of Florida and locally referenced to the West line of the Northwest Quarter (1/4) of Government Section 10, Township 11 South, Range 31 East, being South $00^{\circ}37'39''$ East.

EXHIBIT B

OFF REC 0530 PAGE 0561

SAN GABRIEL SUBDIVISION
NOT PART OF THIS
PROPERTY PLAN

FUTURE DEVELOPMENT
NOT PART OF THIS
PROPERTY PLAN







SCALE: 1"=150'

FUTURE DEVELOPMENT
NOT PART OF THIS
PROPERTY PLAN

CAMINO DEL REY
(LA COSTA PORTION)
PART OF 1988 PLAN

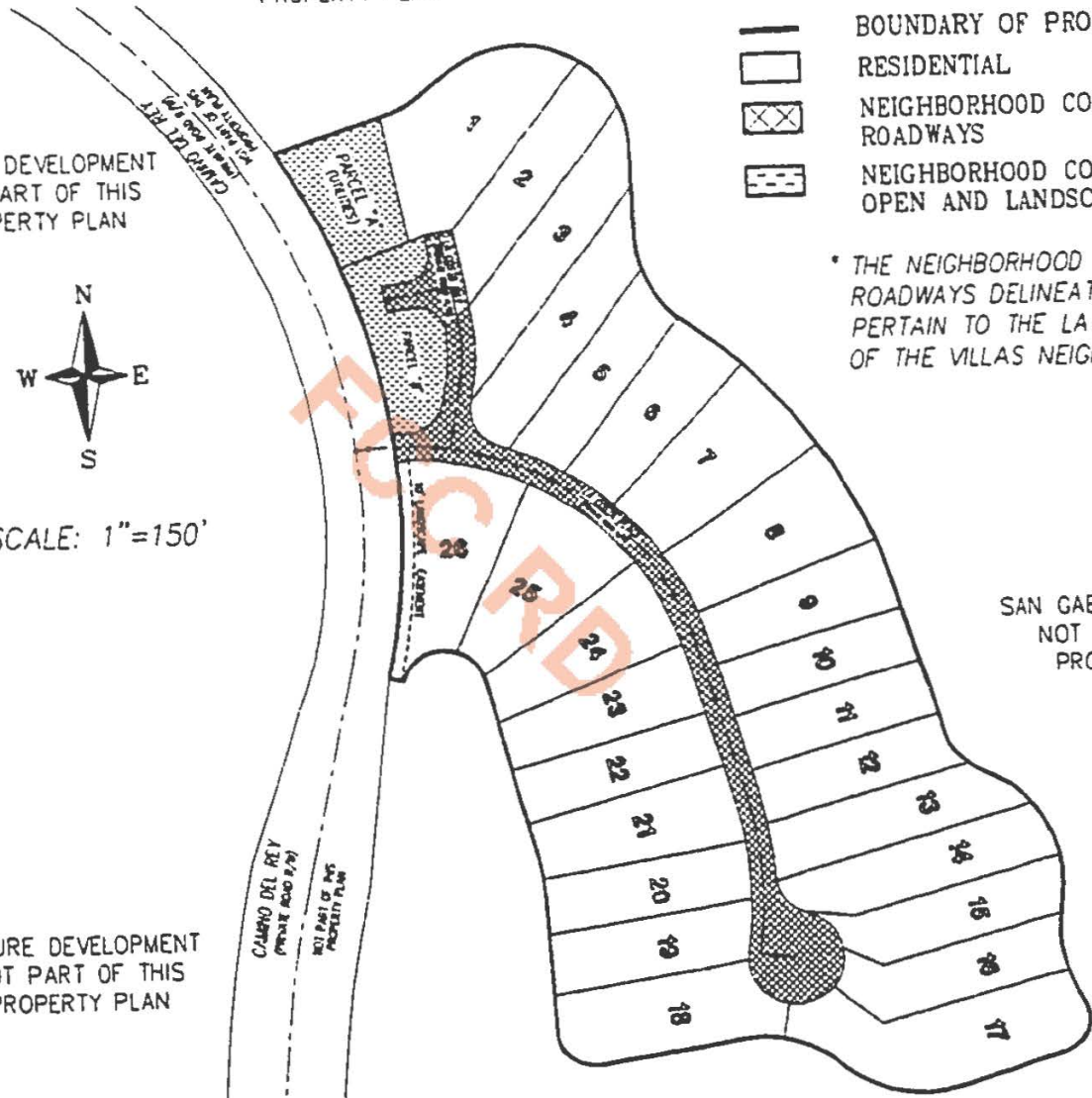
STATE ROAD A-1-A

-  BOUNDARY OF PROPERTY PLAN
-  RESIDENTIAL
-  NEIGHBORHOOD COMMON AREA: ROADWAYS
-  NEIGHBORHOOD COMMON AREA: OPEN AND LANDSCAPE AREA

* THE NEIGHBORHOOD COMMON AREA: ROADWAYS DELINEATED ON THIS PLAN PERTAIN TO THE LA COSTA PORTION OF THE VILLAS NEIGHBORHOOD ONLY.

SAN GABRIEL SUBDIVISION
NOT PART OF THIS
PROPERTY PLAN

MAP C-18
LA COSTA
"PROPERTY PLAN"



Return
to: ITT

Inst No: 99020285 Date: 08/23/1999
SYD CROSBY, FLAGLER County
By: *[Signature]* D.C. Time: 16:25:26

OFF REC 0665 PAGE 1318

This Document Prepared by:
Robert G. Cuff
1 Corporate Drive
Palm Coast, FL 32151

**AMENDMENT TO SECOND SUPPLEMENT TO
DECLARATION OF PROTECTIVE COVENANTS,
CONDITIONS AND RESTRICTIONS
OF VILLAS NEIGHBORHOOD**

(MARBELLA AMENDMENT #2)

THIS AMENDMENT TO THE SECOND SUPPLEMENT TO DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS OF VILLAS NEIGHBORHOOD is made as of November 17, 1998, by ITT COMMUNITY DEVELOPMENT CORPORATION, a Delaware corporation (the "Declarant"), with offices at 1 Corporate Drive, Palm Coast, Florida.

RECITALS:

WHEREAS, on December 15, 1989, the Declarant caused to be recorded in Official Records Book 416, at pages 316-400, of the Public Records of Flagler County, Florida, the Declaration of Protective Covenants, Conditions and Restrictions of The Villas Neighborhood (the "Declaration") for that property as shown on the plats recorded at Map Book 28, Pages 55 and 56, and Map Book 28, Pages 60 and 61 of the Public Records of Flagler County, Florida, and

WHEREAS, Declarant supplemented this Declaration with a Second Supplement, recorded in Official Records Book 507 at Pages 603-613, which Second Supplement added that property shown on the Plat of Marbella as recorded at Map Book 30, Pages 24-25 of the Public Records of Flagler County, Florida to the Villas Neighborhood, and

WHEREAS, Declarant amended the Second Supplement by the amendment recorded in Official Records Book 515, Pages 1980-1983 of the Public Records of Flagler County, Florida (the "Marbella Amendment #1"), and

WHEREAS, the Declaration reserved the right to the Declarant to amend the Declaration from time to time, and

WHEREAS, the Declarant further amended the Second Supplement as of November 17, 1998, following a vote of the owners of property in the Marbella subdivision of the Villas Neighborhood, to permit the Architectural Review Committee to allow screen enclosures within the Marbella subdivision of the Villas Neighborhood, effective November 17, 1998 and now desires to record this amendment (the "Marbella Amendment #2") to the Second Supplement to the Declaration amongst the Public Records of Flagler County, Florida

NOW, THEREFORE, the Declarant declares that the Second Supplement to the Declaration of Protective Covenants, Conditions and Restrictions (Marbella) is amended as follows:

1. The Second Supplement (as amended by Marbella Amendment #1 is hereby further amended by the addition of a new Paragraph 10 to read as follows:

10. Solely with respect to the Committed Property described in the Second Supplement, Paragraph 22 of the Declaration shall be stricken in its entirety and shall be replaced as follows:

22. Swimming Pools: Swimming pools, deck area, patios, hot tubs and sun decks must be approved in writing by the Design Review Committee prior to construction, except for this swimming pools, deck areas, patios, hot tubs and sun decks initially constructed by Declarant. None of the Structures described in this paragraph shall be constructed closer than 30 feet from the Golf Course and 25 feet from any marsh or wetland. Because of the location of various Lots in the neighborhood, it may be impossible for a swimming pool to be installed on a Lot after the initial conveyance from Declarant. Therefore, Declarant and the Association make no representations as to the ability of an owners to obtain sufficient access to the rear portion of such owner's Lot in order to install a swimming pool.

2. Except as expressly modified herein, the remainder of the Declaration of Protective Covenants, Conditions and Restrictions of Villas Neighborhood and any prior amendments or supplements thereto shall remain in full force and effect.

IN WITNESS WHEREOF, ITT Community Development Corporation has hereunto caused this document to be signed by its proper officers this 19th day of August, 1999.

Signed in the presence of:

ITT COMMUNITY DEVELOPMENT CORPORATION

Arlene Wilson
Arlene Wilson

By: James E. Gardner
James E. Gardner, President

Victoria P. Saed
VICTORIA P SAED

Attest: Robert G. Cuff
Robert G. Cuff, Secretary



STATE OF FLORIDA
COUNTY OF FLAGLER

The foregoing AMENDMENT TO THE SECOND SUPPLEMENT TO DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS OF THE VILLAS NEIGHBORHOOD was acknowledged this 19th day of August, 1999, by

James E. Gardner and Robert G. Cuff, the President and Secretary, respectively of ITT COMMUNITY DEVELOPMENT CORPORATION, a Delaware corporation on behalf of the corporation. They are personally known to me and did not take an oath.

Victoria P. Gard
VICTORIA P. GARD
Notary Public, State of Florida
My Commission Expires:



Victoria P. Gard
MY COMMISSION # CC553028 EXPIRES
June 1, 2000
BONDED THRU TROY FAIR INSURANCE, INC

FCC RD

*26Inst No:00026835 Date:11/08/2000
SYD CROSBY, FLAGLER County
By: [Signature] D.C. Time:13:15:59

OFF REC 0715 PAGE 0878

This Document Prepared by:
Robert G. Cuff
170 Malaga St., Suite A
St. Augustine, Florida 32084

**AMENDMENT TO
DECLARATION OF PROTECTIVE COVENANTS,
CONDITIONS AND RESTRICTIONS
OF VILLAS NEIGHBORHOOD
Amendment #4
(Villas del Mar)**

THIS AMENDMENT TO THE TO DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS OF VILLAS NEIGHBORHOOD is made as of October 26, 2000, by HD ASSOCIATES, L.P., a Delaware limited partnership, as successor to ITT COMMUNITY DEVELOPMENT CORPORATION, a Delaware corporation (the "Declarant"), with offices at 2 Camino del Mar, Palm Coast, Florida.

RECITALS:

WHEREAS, on December 15, 1989, the Declarant caused to be recorded in Official Records Book 416, at pages 316-400, of the Public Records of Flagler County, Florida, the Declaration of Protective Covenants, Conditions and Restrictions of The Villas Neighborhood (the "Declaration") for that property as shown on the plats recorded at Map Book 28, Pages 55 and 56, and Map Book 28, Pages 60 and 61 of the Public Records of Flagler County, Florida, and

WHEREAS, the Declaration reserved the right to the Declarant to amend the Declaration from time to time, and

WHEREAS, a majority of the residents of the portion of the Villas Neighborhood known as the Villas del Mar have requested that the Declarant amend the Declaration as it applies to the Villas del Mar to permit the construction of screen enclosures for pools in the Villas del Mar section of the Villas Neighborhood, and

WHEREAS, the Declarant now desires to amend the Declaration as requested by the residents of the Villas del Mar section of the Villas Neighborhood as set forth in this Amendment

NOW, THEREFORE, the Declarant declares that the Declaration of Protective Covenants, Conditions and Restrictions for the Villas Neighborhood is amended as follows:

1. The Declaration is hereby amended by the deletion of the existing Paragraph 22 of Article V of the Declaration and the substitution of a new Paragraph 22 of Article V to read as follows:

22. Swimming Pools; Screen Enclosures: *Swimming pools, deck area, patios, hot tubs and sun decks must be approved in writing by the Design Review Committee prior to construction, except for those swimming pools, deck areas, patios, hot tubs and sun decks initially constructed by Declarant. None of the Structures described in this paragraph shall be constructed closer than 30 feet from the rear Lot line or side Lot lines; Additionally, all swimming pools shall have setbacks of at least 30 feet from the Golf Course and 25 feet from any marsh or wetland. No screen enclosures of any type shall be permitted; except that porches located on the first floor of a Dwelling Unit may be enclosed by a screen enclosure as originally installed by Declarant or approved by the Design Review Committee. Notwithstanding the foregoing provisions prohibiting certain screen enclosures around pools and patios, such enclosures may be permitted in any portion of the Neighborhood where expressly allowed by a recorded supplement or amendment to this Declaration and for Units in the Villas del Mar. If such screen enclosures are expressly permitted, their installation must comply with any design standards established for such enclosures by the Design Review Committee and the installation on a particular Unit must be approved in advance of such installation, in writing, by the Design Review Committee in the manner provided in this Declaration for other approvals by the Design Review Committee. Because of the location of various Lots in the Neighborhood, it may be impossible for a swimming pool to be installed on a Lot after the initial conveyance from Declarant. Therefore, Declarant and the Association make no representations as to the ability of an Owner to obtain sufficient access to the rear portion of such Owner's Lot in order to install a swimming pool.*

2. Except as expressly modified herein, the remainder of the Declaration of Protective Covenants, Conditions and Restrictions of Villas Neighborhood and any prior amendments or supplements thereto shall remain in full force and effect.

Signature and Acknowledgement on Next Page

IN WITNESS WHEREOF, HD Associates, L.P. has hereunto caused this document to be signed by its duly authorized officers this 26 day of October, 2000.

Signed in the presence of:

HD ASSOCIATES, L.P.,
a Delaware limited partnership

By: Dunes Operating Company, L.P.,
a Delaware limited partnership,
its sole general partner

By: 2M Dunes, L.L.C.
a Texas limited liability company,
general partner

By: 2M Real Estate, Inc.
a Texas corporation,
its sole member

Trish J. Brown

By: *Terry Pendleton*
Terry Pendleton, Vice President

Jane E. MacAllister

STATE OF FLORIDA
COUNTY OF FLAGLER

The foregoing AMENDMENT TO DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS OF THE VILLAS NEIGHBORHOOD was acknowledged this 26 day of October, 2000, by Terry Pendleton as Vice President of 2M Real Estate, Inc., a Texas corporation, the sole member of 2M Dunes, L.L.C., a Texas limited liability company, the general partner of Dunes Operating Company, L.P., a Delaware limited partnership, the sole general partner of HD Associates, L.P., a Delaware limited partnership, on behalf of HD Associates, L.P. He is personally known to me and did not take an oath.

Fred Annon, Jr

Notary Public, State of Florida
My Commission Expires:



Fred Annon, Jr
MY COMMISSION # CC722844 EXPIRES
May 19, 2002
BONDED THRU TROY FAN INSURANCE, INC

This Document Prepared by:
Robert G. Cuff
170 Malaga St., Suite A
St. Augustine, Florida 32084

**AMENDMENT TO
DECLARATION OF PROTECTIVE COVENANTS,
CONDITIONS AND RESTRICTIONS
OF VILLAS NEIGHBORHOOD
Amendment #5**

THIS AMENDMENT TO THE TO DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS OF VILLAS NEIGHBORHOOD is made as of March 5, 2003, by HD ASSOCIATES, L.P., a Delaware limited partnership, as successor to ITT COMMUNITY DEVELOPMENT CORPORATION, a Delaware corporation (the "Declarant"), with offices at 2 Camino del Mar, Palm Coast, Florida.

RECITALS:

WHEREAS, on December 15, 1989, the Declarant caused to be recorded in Official Records Book 416, at pages 316-400, of the Public Records of Flagler County, Florida, the Declaration of Protective Covenants, Conditions and Restrictions of The Villas Neighborhood (the "Declaration") for that property as shown on the plats recorded at Map Book 28, Pages 55 and 56, and Map Book 28, Pages 60 and 61 of the Public Records of Flagler County, Florida, and

WHEREAS, the Declaration reserved the right to the Declarant to amend the Declaration from time to time, and

WHEREAS, the Declarant has submitted the changes contained in this Amendment to the Owners in the Villas Neighborhood by written ballot and at least seventy-five (75%) of the Owners have returned ballots approving the changes contained in this Amendment

NOW, THEREFORE, the Declarant declares that the Declaration of Protective Covenants, Conditions and Restrictions for the Villas Neighborhood is amended as follows:

1. The Declaration is hereby amended by the addition of a new definition in Article I to read as follows:

57. Villas Subneighborhood: Villas Subneighborhood shall mean a portion of the Neighborhood Property (as defined herein) which is less than the total Neighborhood Property and which has been designated by the Declarant, either by this Amendment or in future amendments or supplements to the Villas Neighborhood Declaration, as a Villas Subneighborhood.

2. The Declarant hereby declares that, as of the date of this Amendment, the following shall be the five existing Villas Subneighborhoods: Villas del Mar and Ville di Capri, Marbella, Monterrey, Montilla and LaCosta. The Declarant shall have the right, but not the obligation, to designate other portions of the Neighborhood Property as Villas Subneighborhoods if and when additional real property is added to the Villas Neighborhood by a supplement to the Declaration.

3. Article VII. MAINTENANCE, REPAIRS AND ALTERATIONS, Section A. Owners, Paragraph 1. is hereby amended to read:

1. Except as set forth below in this Article VII, each Owner shall maintain in good condition and repair and replace at his expense when necessary all portions of his Lot and Dwelling Unit, except Privacy Walls,

landscaping and the decorative wall as more specifically set forth in Paragraph (B) (1) below. For the purposes of complying with this paragraph, the Owner shall paint or repaint the exterior of his Dwelling Unit as often as necessary to maintain the standards of the Villas Neighborhood but in no event less than once every seven (7) years and pressure clean the tile roof and exterior stucco walls of the Dwelling Unit as often as necessary to maintain the standards of the Villas Neighborhood, but in no event less than once every three (3) years. Such painting or repainting and pressure cleaning shall be performed by a licensed contractor reasonably acceptable to the Design Review Committee and in accordance with the standards for color and application adopted from time to time by the Design Review Committee.

4. Article XI.AMENDMENTS OF THE DECLARATION, is hereby amended by the addition of a new subparagraph H, to read:

H. Amendments by Villas Subneighborhoods. The foregoing provisions of Article XI notwithstanding, the Owners of Lots or Dwelling Units in the Monterrey Subneighborhood and the Ville di Capri portion of the Ville di Capri/Villas del Mar Subneighborhood shall have the right to amend the provisions of Article V.B. subparagraph 22 of the Declaration solely as they apply to Lots or Dwelling Units in the Monterrey Subneighborhood or the Ville di Capri portion of the Ville di Capri/Villas del Mar Subneighborhood in order to permit screen enclosures in those portions of the Neighborhood. The Owners of Lots or Dwelling Units within the Monterrey Subneighborhood or the Ville di Capri portion of the Ville di Capri/Villas del Mar Subneighborhood shall be the only members permitted to vote with respect to such an amendment in their respective portions of the Neighborhood and the cost of any such vote incurred by the Association shall be borne solely by the members entitled to vote on such an amendment. Any such amendment shall be adopted in the manner provided for the adoption of amendments to the Declaration contained in subparagraph B. of this Article XI, except that the affirmative vote necessary to adopt this amendment with respect to either portion of the Neighborhood shall be at least 66 and 2/3% of the Owners of Lots or Dwelling Units in that portion of the Neighborhood.

5. Except as expressly modified herein, the remainder of the Declaration of Protective Covenants, Conditions and Restrictions of Villas Neighborhood and any prior amendments or supplements thereto shall remain in full force and effect.

IN WITNESS WHEREOF, HD Associates, L.P. has hereunto caused this document to be signed by its duly authorized officers this 5th day of March, 2003.

Signed in the presence of: HD ASSOCIATES, L.P.,
a Delaware limited partnership

By: Dunes Operating Company, L.P.,
a Delaware limited partnership,
its sole general partner

By: 2M Dunes, L.L.C.
a Texas limited liability company,
general partner

By: 2M Real Estate, Inc.
a Texas corporation,
its sole member

Barbara A. Peacock
Barbara A. Peacock

Sterling D. Collee
STERLING D. COLLEE

By: Terry Pendleton
Terry Pendleton, Vice President

STATE OF FLORIDA

COUNTY OF FLAGLER

The foregoing AMENDMENT TO DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS OF THE VILLAS NEIGHBORHOOD was acknowledged this 5th day of March, 2003, by Terry Pendleton as Vice President of 2M Real Estate, Inc., a Texas corporation, the sole member of 2M Dunes, L.L.C., a Texas limited liability company, the general partner of Dunes Operating Company, L.P., a Delaware limited partnership, the sole general partner of HD Associates, L.P., a Delaware limited partnership, on behalf of HD Associates, L.P. He is personally known to me and did not take an oath.

Barbara A. Peacock

Notary Public, State of Florida
My Commission Expires:



Barbara A. Peacock
Commission # CC 916461
Expires April 16, 2004
Bonded Thru
Atlantic Bonding Co., Inc.

FCC RD

Return To:
Villas Neighborhood Association, Inc.
Post Office Box 352266
Palm Coast, Florida 32135



OFF REC 0926 PAGE 0116

This Document Prepared by:
Robert G. Cuff
170 Malaga St., Suite A
St. Augustine, Florida 32084

**AMENDMENT TO
DECLARATION OF PROTECTIVE COVENANTS,
CONDITIONS AND RESTRICTIONS
OF VILLAS NEIGHBORHOOD**

Amendment #6

THIS AMENDMENT TO THE TO DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS OF VILLAS NEIGHBORHOOD is made as of April 15, 2003 by HD ASSOCIATES, L.P., a Delaware limited partnership, as successor to ITT COMMUNITY DEVELOPMENT CORPORATION, a Delaware corporation (the "Declarant"), with offices at 2 Camino del Mar, Palm Coast, Florida.

RECITALS:

WHEREAS, on December 15, 1989, the Declarant caused to be recorded in Official Records Book 416, at pages 316-400, of the Public Records of Flagler County, Florida, the Declaration of Protective Covenants, Conditions and Restrictions of The Villas Neighborhood (the "Declaration") for that property as shown on the plats recorded at Map Book 28, Pages 55 and 56, and Map Book 28, Pages 60 and 61 of the Public Records of Flagler County, Florida, and

WHEREAS, pursuant to a validly adopted amendment to the Declaration (Amendment #5), the Owners of Lots or Dwelling Units in the Ville di Capri portion of the Villas Neighborhood were given the power to adopt an amendment to Article V.B. subparagraph 22 of the Declaration in order to permit the installation of certain screen enclosures on Dwelling Units in the Ville di Capri portion of the Villas Neighborhood by an affirmative vote of 66 and 2/3% of the Owners of Lots and Dwelling Units in the Ville di Capri portion of the Villas Neighborhood; and

WHEREAS, the proposed changes contained in this Amendment were submitted to the Owners of Lots and Dwelling Units in the Ville di Capri portion of the Villas Neighborhood by written ballot and at least 66 and 2/3% of the validly cast ballots approved of the changes contained in this Amendment; and

WHEREAS, the Declarant has agreed to execute this Amendment pursuant to the power reserved to the Declarant in the Declaration and in accordance with the vote of the Owners of Lots or Dwelling Units in the Ville di Capri portion of the Villas Neighborhood

NOW, THEREFORE, the Declaration of Protective Covenants, Conditions and Restrictions for the Villas Neighborhood is amended as follows:

1. The Declaration is hereby amended by the deletion of the existing Article V.B. subparagraph 22 and the addition of a new Article V.B. subparagraph 22 to read as follows:

22. Swimming Pools; Screen Enclosures. Swimming pools, deck area, patios, hot tubs and sun decks must be approved in writing by the Design Review Committee prior to construction, except for those swimming pools deck areas, patios, hot tubs and sun decks initially constructed by Declarant. None of the Structures described in this paragraph shall be constructed closer than 30 feet from the rear lot Lot line or side Lot lines; additionally, all swimming pools shall have setbacks of at least 30 feet from the Golf course and 25 feet from nay marsh or wetland. No screen enclosures of any type shall be permitted on any portion of the Villas Neighborhood property unless they are expressly permitted by a validly adopted amendment to this Declaration or a Supplement thereto and approved by the Design Review Committee. For purposes of this paragraph, an amendment permitting screen enclosures in the Ville di Capri portion of the Villas Neighborhood was adopted on 04-15, 2003 and screen enclosures shall be permitted in the Ville di Capri after such date so long as such enclosures have been approved by the Design

Review Committee in accordance with the requirements of the Declaration prior to their installation. Because of the location of various Lots in the Neighborhood, it may be impossible for a swimming pool to be installed on a Lot after the initial conveyance from Declarant. Therefore, Declarant and the Association make no representations as to the ability of an Owner to obtain sufficient access to the rear portion of such Owner's Lot in order to install a swimming pool.

2. Except as expressly modified herein, the remainder of the Declaration of Protective Covenants, Conditions and Restrictions of Villas Neighborhood and any prior amendments or supplements thereto shall remain in full force and effect.

IN WITNESS WHEREOF, HD Associates, L.P. has hereunto caused this document to be signed by its duly authorized officers this 28th day of April, 2003.

Signed in the presence of: HD ASSOCIATES, L.P.,
a Delaware limited partnership

By: Dunes Operating Company, L.P.,
a Delaware limited partnership,
its sole general partner

By: 2M Dunes, L.L.C.
a Texas limited liability company,
general partner

By: 2M Real Estate, Inc.
a Texas corporation,
its sole member

Barbara A. Peacock
Barbara A. Peacock
Fred Anagnostis
FRED ANAGNOSTIS

By: Terry Pendleton
Terry Pendleton, Vice President

STATE OF FLORIDA

COUNTY OF FLAGLER

The foregoing AMENDMENT TO DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS OF THE VILLAS NEIGHBORHOOD was acknowledged this 28th day of April, 2003, by Terry Pendleton as Vice President of 2M Real Estate, Inc., a Texas corporation, the sole member of 2M Dunes, L.L.C., a Texas limited liability company, the general partner of Dunes Operating Company, L.P., a Delaware limited partnership, the sole general partner of HD Associates, L.P., a Delaware limited partnership, on behalf of HD Associates, L.P. He is personally known to me and did not take an oath.

Barbara A. Peacock

Notary Public, State of Florida
My Commission Expires:



Barbara A. Peacock
Commission # CC 916461
Expires April 16, 2004
Bonded Thru
Atlantic Bonding Co., Inc.

This Document Prepared by:
Robert G. Cuff
Rogers, Towers, P.A.
170 Malaga St., Suite A
St. Augustine, Florida 32084

OFF REC 0967 PAGE 0454

**AMENDMENT TO FIRST SUPPLEMENT TO
DECLARATION OF PROTECTIVE COVENANTS,
CONDITIONS AND RESTRICTIONS
OF VILLAS NEIGHBORHOOD**

(MONTERREY AMENDMENT #1)

THIS AMENDMENT TO THE FIRST SUPPLEMENT TO DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS OF VILLAS NEIGHBORHOOD is made as of July 16, 2003, by the VILLAS NEIGHBORHOOD ASSOCIATION, INC, a Florida corporation not for profit (the "Association"), and joined by HD ASSOCIATES, L.P., a Delaware limited partnership, as successor to ITT COMMUNITY DEVELOPMENT CORPORATION, a Delaware corporation (the "Declarant"), with offices at 2 Camino del Mar, Palm Coast, Florida.

RECITALS:

WHEREAS, on December 15, 1989, the Declarant caused to be recorded in Official Records Book 416, at pages 316-400, of the Public Records of Flagler County, Florida, the Declaration of Protective Covenants, Conditions and Restrictions of The Villas Neighborhood (the "Declaration") for that property as shown on the plats recorded at Map Book 28, Pages 55 and 56, and Map Book 28, Pages 60 and 61 of the Public Records of Flagler County, Florida, and

WHEREAS, Declarant supplemented this Declaration with a First Supplement, recorded in Official Records Book 0460 at Pages 1900-1906, which First Supplement added that property shown on the Plat of Monterrey as recorded at Map Book 29, Pages 77-79 of the Public Records of Flagler County, Florida to the Villas Neighborhood, and

WHEREAS, the Declaration reserved the right to the Declarant to amend the Declaration from time to time, and

WHEREAS, the Association conducted a vote of the members of the Monterrey Subneighborhood of the Association on July 16, 2003 in accordance with the Articles of Incorporation and Bylaws of the Association, to determine whether the members entitled to vote on a proposed amendment wished to amend the Declaration of the Villas Neighborhood as it applied to the Monterrey Subneighborhood in accordance with the terms contained herein; and

WHEREAS, the members of the Association entitled to vote on the proposed amendment voted in favor of the amendment by the necessary majority to enact the amendment; and

WHEREAS, the Association, joined by the Declarant, now desires to amend the First Supplement, following a vote of the owners of property in the Monterrey subdivision of the Villas Neighborhood, to permit certain screen enclosures within the Monterrey subdivision of the Villas Neighborhood, effective as of the date of execution of this Amendment by the Association and Declarant and desires to record this amendment (the "Monterrey Amendment #1) to the First Supplement to the Declaration amongst the Public Records of Flagler County, Florida

NOW, THEREFORE, the Association, joined by the Declarant, declares that the First Supplement to the Declaration of Protective Covenants, Conditions and Restrictions (Monterrey) is amended as follows:

1. The First Supplement is hereby amended by the addition of a new Paragraph 5 to the existing terms of the First Supplement to read as follows:

5. *Screen Enclosures Permitted.* Any prohibitions in the Declaration to the contrary notwithstanding, Units in Monterrey shall be permitted to have screen enclosures for pools and patios located in the rear yard, so long as the enclosures are installed as part of the original construction of the Unit by the Declarant or, if installed after such original construction, are installed in compliance with the design standards for such enclosures in Monterrey and only after receiving written approval of the specific installation from the Design Review Committee.

2. Except as expressly modified herein, the remainder of the Declaration of Protective Covenants, Conditions and Restrictions of Villas Neighborhood and any prior amendments and supplements thereto shall remain in full force and effect.

IN WITNESS WHEREOF, the Villas Neighborhood Association, Inc. and HD Associates, L.P. have hereunto caused this document to be signed by their duly authorized officers this 30th day of July, 2003.

Signed in the presence of:

VILLAS NEIGHBORHOOD ASSOCIATION, INC.
a Florida corporation not for profit

Connie M. Eilbeck
Print name: Connie M. Eilbeck

By: John E. Carney, Jr.
John E. Carney, Jr., its President

Fred Annon, Jr.
Print name: Fred Annon, Jr.

Attest: Carolyn L. Hunley
Carolyn L. Hunley, its Secretary

JOINED IN AND CONSENTED TO BY:

Signed in the presence of:

HD ASSOCIATES, L.P.,
a Delaware limited partnership

By: Dunes Operating Company, L.P.,
a Delaware limited partnership,
its sole general partner

By: 2M Dunes, L.L.C.
a Texas limited liability company,
general partner

By: 2M Real Estate, Inc.
a Texas corporation,
its sole member

Barbara A. Peacock
Barbara A. Peacock

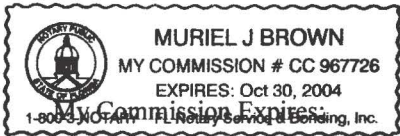
By: *Terry Pendleton*
Terry Pendleton, Vice President

Jennifer M. Horney
Jennifer M. Horney

STATE OF FLORIDA

COUNTY OF FLAGLER

The foregoing AMENDMENT TO THE FIRST SUPPLEMENT TO DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS OF VILLAS NEIGHBORHOOD was acknowledged this 30 day of July, 2003, by John E. Carney, Jr. and Carolyn L. Hunley, the President and Secretary, respectively, of Villas Neighborhood Association, Inc., a Florida corporation not for profit, on behalf of the corporation. They are personally known to me and did not take an oath.



Muriel J Brown
Notary Public, State of Florida

STATE OF FLORIDA

COUNTY OF FLAGLER

The foregoing AMENDMENT TO THE FIRST SUPPLEMENT TO DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS OF VILLAS NEIGHBORHOOD was acknowledged this 5th day of ~~July~~ ^{August}, 2003, by Terry Pendleton as Vice President of 2M Real Estate, Inc., a Texas corporation, the sole member of 2M Dunes, L.L.C., a Texas limited liability company, the general partner of Dunes Operating Company, L.P., a Delaware limited partnership, the sole general partner of HD Associates, L.P., a Delaware limited partnership, on behalf of HD Associates, L.P. He is personally known to me and did not take an oath.

Barbara A. Peacock

Notary Public, State of Florida
My Commission Expires:

Return to:
Villas Neighborhood Association, Inc.
Post Office Box 352266
Palm Coast, Florida 32135



Barbara A. Peacock
Commission # CC 916461
Expires April 16, 2004
Bonded Thru
Atlantic Bonding Co., Inc.

**AMENDMENT TO BYLAWS
VILLAS NEIGHBORHOOD ASSOCIATION, INC.**

The undersigned, as Secretary of the Villas Neighborhood Association, Inc. a Florida corporation not for profit (the "Corporation), hereby certifies that, on March 7, 2003 a written vote of the Members of the Villas Neighborhood was taken pursuant to Article 11 of the Bylaws of the Corporation for of the purpose of amending the Bylaws. The resulting vote of the Members approved the adoption of the proposed Amendment by a vote of more than the 66 2/3% affirmative vote required to amend the Bylaws. Further, as evidenced by their signatures, affixed to this Amendment, the proposed Amendment approved by the vote of the Members has also been approved by a majority of the Board of Directors of the Association, as required by Article 11 of the Bylaws. Accordingly, Article 4, Paragraph 4.2. of the Bylaws is amended to read as follows:

4.2 (a) *The provisions of the Articles setting forth the selection, election, designation and removal of Directors are hereby incorporated herein by reference. The election of Directors shall be conducted in the following manner:*

(1) *Election of Directors shall be held at the Annual Meeting, except as may be provided herein to the contrary;*

(2) *No more than sixty days or less than thirty days prior to the Annual Meeting, the members of the Neighborhood owning Lots or Dwelling Units in a designated Villas Subneighborhood shall nominate in writing an individual to serve as a Director of the Association from the Villas Subneighborhood making the nomination. The individual so nominated must meet all of the criteria for service as a Director of the Association and must be an Owner of a Lot or Dwelling Unit in the Villas Subneighborhood from which he or she is nominated;*

(3) *The nomination process in each Villas Subneighborhood shall be initiated by the Association through a written solicitation to all members to nominate individuals from the various Villas Subneighborhoods to serve on the Board as a representative of that Villas Subneighborhood. If the Association receives more than one nomination from any Villas Subneighborhood, the Association shall send a second mailing with a ballot showing all of the individuals nominated from that Villas Subneighborhood to the members in any Villas Subneighborhood with more than one nominee. If requested by a nominee, the Association shall include a one-page resume of any individual nominated from that Villas Subneighborhood in mailing of the ballot. The individual in each Villas Subneighborhood who receives the highest total number of votes for nomination from each Villas Subneighborhood shall be announced to the Annual Meeting as the nominee from that Villas Subneighborhood;*

(4) *At the Annual Meeting, the nominee from each Villas Subneighborhood designating a nominee in accordance with this section shall be elected as a Director;*

(5) If one or more Villas Subneighborhoods do not furnish the name of a nominee to the Annual Meeting or if a nominee so furnished refuses to serve or is otherwise unqualified to serve as Director, the members in attendance at the Annual Meeting shall nominate individuals from the floor to fill any vacant Director positions not filled by nominations from the Villas Subneighborhoods.

(6) If nominations from the floor are required, the election shall be by written ballot (unless dispensed with by majority consent of the members represented at the meeting) and decided by a plurality of the votes cast for each candidate. Individuals nominated from the floor at the Annual Meeting do not have to be Owners of a Lot or Dwelling Unit in a particular Villas Subneighborhood, but must be Owners of a Lot or Dwelling Unit in the Villas Neighborhood and otherwise qualified to serve as a Director. Each Unit entitled to vote shall have a number of votes equal to the number of vacancies to be filled by nominations from the floor. No Unit may cast more than one vote for one candidate.

(b) At the first election following Neighborhood Turnover the Directors elected from the Villas del Mar/Ville di Capri and La Costa Subneighborhoods shall serve an initial term of one (1) year and the Directors elected from the Marbella, Monterrey and Montilla Subneighborhoods shall be elected for an initial term of two (2) years. After the first election following Neighborhood Turnover, all Directors elected by the members from all Subneighborhoods shall serve for a term of two (2) years, with Directors elected from the Villas del Mar/Ville di Capri, and La Costa Subneighborhoods being elected in even numbered years and Directors elected from the Marbella, Monterrey and Montilla Subneighborhoods being elected in odd numbered years.

A copy of this Amendment has been filed in the corporate records of the Villas Neighborhood in compliance with Article 11 of the Bylaws.

Dated March 18, 2003

[Signature]
Secretary

Agreed to and adopted this _____ day of March, 2003:

[Signature]
Director

[Signature]
Director

[Signature]
Director

**RESOLUTION 2000-01
THE VILLAS NEIGHBORHOOD ASSOCIATION**

**A RESOLUTION PROVIDING FOR THE COLLECTION OF
DELINQUENT MEMBER ASSESSMENT PAYMENTS AND THE
FILING OF A CONTINUOUS LIEN ENCUMBERING A MEMBER'S
PROPERTY.**

WHEREAS, the The Villas Neighborhood Association, Inc., a Florida not-for-profit corporation, under Chapter 617 F.S., was formed February 15, 1989; and

WHEREAS, the purpose of the corporation is to provide for a unified effort in protecting the value of the property of the members of the corporation, in accordance with the Declaration of Protective Covenants, Conditions and Restrictions for The Villas Neighborhood Association, Inc.; and

WHEREAS, the affairs of the Corporation shall be managed by a Board of Directors, who are members of the corporation; and

WHEREAS, Article VIII of the Declaration of Protective Covenants, Conditions and Restrictions for The Villas Neighborhood Association, Inc. obligates each owner, by acceptance of a deed, to pay to the Association annual assessments for the improvement and maintenance of common elements; and

WHEREAS, the Declaration of Protective Covenants, Conditions and Restrictions for The Villas Neighborhood Association, Inc. and the Board of Directors has established all assessments are due annually, in advance, in equal installments, payable on the first calendar day of each month of the year for The Villas Neighborhood; and

WHEREAS, According to Article VIII of the Declaration of Protective Covenants, Conditions and Restrictions for The Villas Neighborhood Association, Inc., any assessment not paid when due, shall become delinquent and after a period of more than 15 days, each delinquent assessment shall incur additional fees and costs for collection thereof, and thereupon may become a continuing lien on the member's parcel/condominium unit;

**NOW THEREFORE BE IT RESOLVED BY THE BOARD OF
DIRECTORS OF THE VILLAS NEIGHBORHOOD ASSOCIATION,
INC.**

1. Member assessments are considered to be the full and complete responsibility of each Association Member. No action on the part of Association shall be required to advise any Member of their financial obligation to Association.
2. Member assessments shall be considered due to the Association on the first day of each calendar month, in advance, and late after the fifteenth calendar day following each due date. An additional maintenance fee (late fee) of \$25.00 is due with each late payment made 15 calendar days after any monthly due date.

Resolution 2000-01

Page Two

3. Member assessments in excess of 90 days are considered seriously past due and the Association, through its agent, is directed to identify same and specifically advise the Board of Directors, at its next duly noticed meeting, of the amount and prevailing conditions of the delinquency, and, as specifically directed by formal action of the Board of Directors, shall, in its sole discretion, have the right to accelerate the entire amount of any assessments for twelve (12) months from the date of the last overdue assessment based on the then current assessment amount.

4. Member assessments in excess of 180 days are further considered seriously past due and the Association, through its agent, is directed to identify same and specifically advise the Board of Directors, at its next duly noticed meeting, of the amount and prevailing conditions of the delinquency, and, as specifically directed by formal action of the Board of Directors, shall commence the due process for the filing of a continuous lien, as outlined with the Clerk of the Circuit Court of Flagler County, encumbering the parcel/condominium unit of said delinquent member, his heirs, devisees, personal representatives and assigns.

5. The Association, through its agent, is authorized and directed to provide a copy of this Resolution to each Association member, by First Class, United States mail to the Address of Record as contained in the records of the Corporation.

ADOPTED this 18 day of September, 2000.



As President



As Secretary

STATE OF FLORIDA
COUNTY OF FLAGLER

BEFORE ME, personally appeared Terry Pendleton and Sterling Colee, to me known and known to me to be the individuals described in and who executed the foregoing Resolution as President and Secretary, respectively, of The Villas Neighborhood Association, Inc., and acknowledged to and before me that they executed such instrument and that the seal affixed is the corporate seal of said corporation and that it was affixed to said instrument by due and regulatory authority.

WITNESS my hand and official seal in the county and state last aforesaid this 29 day of September 2000.



Notary Public



Fred Annon, Jr
MY COMMISSION # CC722844 EXPIRES
May 19, 2002
BONDED THRU TROY FAIN INSURANCE, INC

This instrument prepared by and)
should be returned to:)
)
Robyn Severs Braun, Esquire)
TAYLOR & CARLS, P.A.)
7 Florida Park Drive North)
Suite A)
Palm Coast, Florida)
(386) 446-5970)
)
Cross Reference Declaration of Protective)
Covenants, Conditions and Restrictions)
for Hammock Dunes,)
O.R. Book 392, Page 343, Public Records,)
Flagler County, Florida)

**RESOLUTION OF THE BOARD OF DIRECTORS FOR THE VILLAS
NEIGHBORHOOD ASSOCIATION, INC. ACCEPTING DELEGATION
OF AUTHORITY TO MAINTAIN RESIDENTIAL PROPERTY**

WHEREAS, Section 6.01(p)(4) of the Declaration of Protective Covenants, Conditions and Restrictions for Hammock Dunes dated May 11, 1989 and recorded at Official Records Book 392, Page 343 of the Public Records of Flagler County (hereinafter "Declaration") provides that the Residential Property in the Hammock Dunes community, and any Dwelling Units or other Structures thereon, shall be kept in a good, safe, clean, neat and attractive condition;

WHEREAS, Section 6.01(p)(5) of the Declaration provides that the Hammock Dunes Owners' Association, Inc. ("Association") may enter upon the Residential Property and perform the necessary maintenance to bring the property into compliance with the Declaration and to file a lien against the property in the event the Owner fails to reimburse the Association for the costs of said maintenance;

WHEREAS, Section 14.03 of the Declaration provides that the Association shall have the right to delegate any of its rights or powers under the Declaration to any Subassociation within the Hammock Dunes community;

WHEREAS, the Villas Neighborhood Association, Inc. ("Villas"), a Subassociation within the Hammock Dunes community, desires to obtain the Association's rights or powers provided in Section 6.01(p)(5) of the Declaration;

WHEREAS, the Villas has executed an Indemnification and Release from the Villas in favor of the Association, indemnifying and releasing the Association from any and all liability resulting from the delegation of its rights and powers in Section 6.01(p)(5) of the Declaration;

WHEREAS, the Villas has received documentation from the Association that the Association's Board of Directors has unanimously approved this delegation of rights and powers from the Association to the Villas;

WHEREAS, the Villas' Board of Directors has determined that it is in the best interests of the Villas to accept the Association's delegation of its rights and powers in Section 6.01(p)(5) of the Declaration.

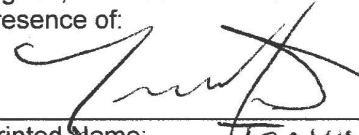
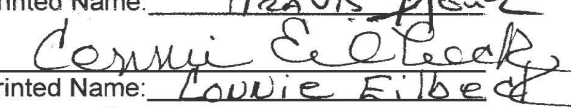
NOW THEREFORE, the Board of Directors of the Villas Neighborhood Association, Inc. hereby resolves:

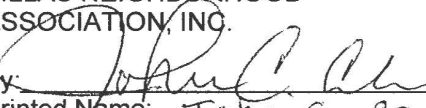
The Villas Neighborhood Association, Inc. accepts from Hammock Dunes Owners Association, Inc. the delegation of the following rights and powers, only as to the property with an address of 16 Marbella Court, Palm Coast, Florida, 32137, pursuant to Sections 6.01(p)(5) and 14.03 of the Declaration of Protective Covenants, Conditions and Restrictions for Hammock Dunes dated May 11, 1989 and recorded at Official Records Book 392, Page 343 of the Public Records of Flagler County:

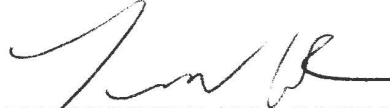
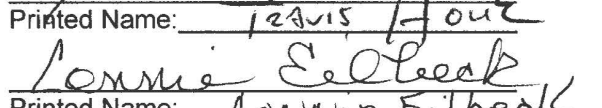
Upon the failure of an Owner to maintain his property pursuant to the terms of the Declaration and upon an Owner's failure to make such improvements or corrections as may be necessary within ten (10) days of giving of written notice (which written notice does not have to be given in the case of emergency, in which event the Villas may without any prior notice directly and immediately remedy the problem), the Villas may enter upon such premises and make such improvements or corrections as may be necessary, the cost of which shall be paid by the Owner. If any such Owner fails to make payment within fifteen (15) days after being requested to do so, then the payment requested shall be a lien in accordance with the provisions of Article 9.02 of the Declaration. Such entry by Villas or its agents shall not be a trespass, and by the acceptance of a deed for a portion of the Hammock Dunes Community, such Owner has expressly given the Villas the continuing permission to do so, which permission may not be revoked.

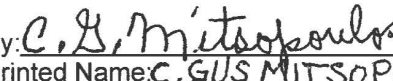
SO RESOLVED by a majority of the Board of Directors of the Villas Neighborhood Association, Inc. at a duly called and noticed Board meeting, this 22 day of November, 2011.

Signed, sealed and delivered in the presence of:


Printed Name: TRAVIS HOUCK

Printed Name: CONNIE E. OLBECK

VILLAS NEIGHBORHOOD ASSOCIATION, INC.
By: 
Printed Name: John C. Cole
Title: President
Address: 19 MARBELLA COURT
PALM COAST, FL 32137


Printed Name: TRAVIS HOUCK

Printed Name: CONNIE E. OLBECK

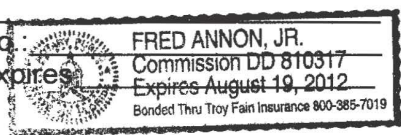
ATTEST:
By: 
Printed Name: C. GUS MITSOPOULOS
Title: Secretary
Address: 4 VIA CAPEI
PALM COAST, FL 32137

NOTARY BLOCK ON NEXT PAGE

STATE OF FLORIDA
COUNTY OF FLAGLER

The foregoing instrument was acknowledged before me this 22 day of November, 2011, by John Cole and Gus Mitsopoulos, as President and Secretary, respectively, of THE VILLAS NEIGHBORHOOD ASSOCIATION, INC., a Florida not-for-profit corporation, on behalf of the corporation. They are personally known to me or ~~have produced~~ _____ as identification.

(NOTARY SEAL)


NOTARY PUBLIC - STATE OF FLORIDA
Print Name: _____
Commission No. _____
Commission Expires _____


FCC RD

This instrument prepared by and)
should be returned to:)
)
Robyn Severs Braun, Esquire)
TAYLOR & CARLS, P.A.)
7 Florida Park Drive North)
Suite A)
Palm Coast, Florida)
(386) 446-5970)
)
Cross Reference Declaration of Protective)
Covenants, Conditions and Restrictions)
for Hammock Dunes,)
O.R. Book 392, Page 343, Public Records,)
Flagler County, Florida)

**RESOLUTION OF THE BOARD OF DIRECTORS FOR THE VILLAS
NEIGHBORHOOD ASSOCIATION, INC. ACCEPTING DELEGATION
OF AUTHORITY TO MAINTAIN RESIDENTIAL PROPERTY**

WHEREAS, Section 6.01(p)(4) of the Declaration of Protective Covenants, Conditions and Restrictions for Hammock Dunes dated May 11, 1989 and recorded at Official Records Book 392, Page 343 of the Public Records of Flagler County (hereinafter "Declaration") provides that the Residential Property in the Hammock Dunes community, and any Dwelling Units or other Structures thereon, shall be kept in a good, safe, clean, neat and attractive condition;

WHEREAS, Section 6.01(p)(5) of the Declaration provides that the Hammock Dunes Owners' Association, Inc. ("Association") may enter upon the Residential Property and perform the necessary maintenance to bring the property into compliance with the Declaration and to file a lien against the property in the event the Owner fails to reimburse the Association for the costs of said maintenance;

WHEREAS, Section 14.03 of the Declaration provides that the Association shall have the right to delegate any of its rights or powers under the Declaration to any Subassociation within the Hammock Dunes community;

WHEREAS, the Villas Neighborhood Association, Inc. ("Villas"), a Subassociation within the Hammock Dunes community, desires to obtain the Association's rights or powers provided in Section 6.01(p)(5) of the Declaration;

WHEREAS, the Villas has executed an Indemnification and Release from the Villas in favor of the Association, indemnifying and releasing the Association from any and all liability resulting from the delegation of its rights and powers in Section 6.01(p)(5) of the Declaration;

WHEREAS, the Villas has received documentation from the Association that the Association's Board of Directors has unanimously approved this delegation of rights and powers from the Association to the Villas;

WHEREAS, the Villas' Board of Directors has determined that it is in the best interests of the Villas to accept the Association's delegation of its rights and powers in Section 6.01(p)(5) of the Declaration.

NOW THEREFORE, the Board of Directors of the Villas Neighborhood Association, Inc. hereby resolves:

The Villas Neighborhood Association, Inc. accepts from Hammock Dunes Owners Association, Inc. the delegation of the following rights and powers, only as to the property with an address of 2 Via Capri, Palm Coast, Florida, 32137, pursuant to Sections 6.01(p)(5) and 14.03 of the Declaration of Protective Covenants, Conditions and Restrictions for Hammock Dunes dated May 11, 1989 and recorded at Official Records Book 392, Page 343 of the Public Records of Flagler County:

Upon the failure of an Owner to maintain his property pursuant to the terms of the Declaration and upon an Owner's failure to make such improvements or corrections as may be necessary within ten (10) days of giving of written notice (which written notice does not have to be given in the case of emergency, in which event the Villas may without any prior notice directly and immediately remedy the problem), the Villas may enter upon such premises and make such improvements or corrections as may be necessary, the cost of which shall be paid by the Owner. If any such Owner fails to make payment within fifteen (15) days after being requested to do so, then the payment requested shall be a lien in accordance with the provisions of Article 9.02 of the Declaration. Such entry by Villas or its agents shall not be a trespass, and by the acceptance of a deed for a portion of the Hammock Dunes Community, such Owner has expressly given the Villas the continuing permission to do so, which permission may not be revoked.

SO RESOLVED by a majority of the Board of Directors of the Villas Neighborhood Association, Inc. at a duly called and noticed Board meeting, this 16 day of March, 2012.

Signed, sealed and delivered in the presence of:

VILLAS NEIGHBORHOOD ASSOCIATION, INC.

[Signature]
Printed Name: FRED ANTONIO JIM
[Signature]
Printed Name: TRAVIS HOUT

By: [Signature]
Printed Name: Vicki Jabba
Title: President
Address: 3 montilla Place
Palm Coast, FL 32137

[Signature]
Printed Name: FRED ANTONIO JIM
[Signature]
Printed Name: TRAVIS HOUT

ATTEST:
By: [Signature]
Printed Name: Margorie R. Roynackers
Title: Secretary
Address: 9 Madeira Ct
Palm Coast, FL 32137

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STATE OF FLORIDA
COUNTY OF FLAGLER

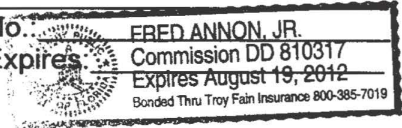
The foregoing instrument was acknowledged before me this 16 day of March, 2012, by KELLI VETSITA and MARION ROOFKERS, as President and Secretary, respectively, of THE VILLAS NEIGHBORHOOD ASSOCIATION, INC., a Florida not-for-profit corporation, on behalf of the corporation. They [] are personally known to me or [] have produced _____ as identification.

(NOTARY SEAL)

Fred Annon, Jr.

NOTARY PUBLIC - STATE OF FLORIDA
Print Name: _____

Commission No. _____
Commission Expires _____



FCC RD

GENERAL RELEASE AND INDEMNIFICATION
FROM THE VILLAS NEIGHBORHOOD ASSOCIATION, INC., IN FAVOR OF
HAMMOCK DUNES OWNERS' ASSOCIATION, INC.

To the fullest extent permitted by law, the Villas Neighborhood Association, Inc. ("Villas"), by and through its Board of Directors, hereby agrees to and shall indemnify, hold harmless and release the Hammock Dunes Owners' Association, Inc. its directors, officers, agents, employees, and attorneys (collectively hereinafter referred to as "Association") from and against any and all claims, including claims for damages, losses, expenses (including but not limited to court costs and attorney's fees), fines, penalties, injury or liability to any person, persons or property, which may be asserted against the Association arising out of or resulting from the Association's delegation of authority to the Villas, pursuant to the Association's Resolution dated April 16, 2012, whether any and all damages, losses, expenses, (including but not limited to court costs and attorney's fees), fines, penalties, injury or liability are caused wholly or in part by the negligence or any other action or inaction of the Villas, its directors, officers, agents, vendors, or employees.

WITNESS my hand this 16 day of March, 2012.

Signed, sealed and delivered in the presence of:

VILLAS NEIGHBORHOOD ASSOCIATION, INC.

[Signature]
Printed Name: FRED ANTON DR

By: [Signature]
Printed Name: KEN JABBA

[Signature]
Printed Name: TRAVIS HOUT

Title: President
Address: _____
