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DECLARATION OF PROTECTIVE COVENANTS,  
CONDITIONS AND RESTRICTIONS OF  
ISLAND ESTATES NEIGHBORHOOD

A NEIGHBORHOOD OF



HAMMOCK DUNES<sup>SM</sup> IS A SERVICE MARK OF  
ITT COMMUNITY DEVELOPMENT CORPORATION

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DECLARATION OF  
PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS  
OF  
ISLAND ESTATES NEIGHBORHOOD

This DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS OF ISLAND ESTATES NEIGHBORHOOD is made this 1st day of November, 1989 by ITT Community Development Corporation, a Delaware corporation, its successors and assigns (the "Declarant").

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 Dunes<sup>SM</sup> Private Community of which the Island Estates Neighborhood is a part; and

WHEREAS, Declarant by this Declaration of Protective Covenants, Conditions and Restrictions of Island Estates 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 has determined that the Land is Committed Property, as that term is defined in the Declaration of Protective Covenants, Conditions and Restrictions for Hammock Dunes (the "Master Declaration"), and is subject to the specific Land Use Classifications as set forth in the Island Estates Property Plan which is attached hereto and made a part hereof as Exhibit "B"; and

WHEREAS, Island Estates 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 Island Estates Neighborhood. This Subassociation is the Island Estates 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 NOT a condominium association under Chapter 718, Florida Statutes; and

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WHEREAS, the Master Declaration provides that the Hammock Dunes Owners' Association, Inc. (the "Owners Association") also has jurisdiction over the Island Estates Neighborhood, to the extent set forth in the Master Declaration; and

WHEREAS, the Island Estates Neighborhood is, for the purposes of this Declaration and the Master Declaration, a part of the Fish Island 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

A. 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 except as may otherwise be set forth herein.

B. "Annual Assessment" shall mean the annual assessment due from each Lot in the Neighborhood, which shall be the Neighborhood Common Expense Assessment plus the Operating Expenses as more fully described in Article VIII(A) hereof.

C. "Articles" shall mean the Articles of Incorporation of the Island Estates Neighborhood Association, Inc.

D. "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 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.

E. "Association" shall mean the Island Estates Neighborhood Association, Inc., a Florida corporation not for profit.

F. "Base Assessments" shall mean those Assessments for which all Members of the Owners' Association are responsible in the manner set forth in Article VIII(A)(1)(a) herein and in Article 10.01(c)(2) of the Master Declaration.

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

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

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

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

K. "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.

L. "Committed Property" shall mean those portions of the Total Property which are subjected to specific Land Use Classifications, including the Land.

M. "Common Areas" shall mean the Land Use Classification assigned to all real property, including any improvements and fixtures thereon, 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.

N. "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.

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

P. "Community Common Areas" shall mean all real property including any improvements and fixtures thereon 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.

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

R. "Declarant" shall mean ITT Community Development Corporation, a Florida corporation, its nominees, successors and/or assigns.

S. "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, and all alterations and modifications to existing Structures and improvements to the Committed Property as fully discussed in

er Declaration.  
Design Review  
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Z. "Island Estates" shall mean that Neighborhood on the Total Property which is comprised of the Land, as may be expanded as provided for in Article II(D) herein.

AA. "Island Estates Property Plan" shall mean and refer to that property plan of the Land annexed here to as Exhibit "B" and made a part hereof. The Island Estates Property Plan shows and identifies, among other things, the pertinent Land Use Classifications of the Island Estates Neighborhood, and each Lot.

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

CC. "Land Segment" shall mean a portion of the Committed Property which is designated by Declarant in writing as a Land Segment, all as more fully described in Articles 8.04 and 10.01 of the Master Declaration.

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

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

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

GG. "Master Documents" shall mean the Master Declaration and the Articles of Incorporation, By-Laws and the Rules of the Owners' Association.

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

II. "Neighborhood" shall mean the Island Estates Neighborhood.

JJ. "Neighborhood Assessments" shall mean those assessments assessed by the Owners' Association and due from Members of the Island Estates Neighborhood for those Operating Expenses which have been incurred to benefit primarily the Members of the Island Estates Neighborhood.



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

LL. "Neighborhood Common Expenses" shall mean the expenses for which the members of the Island Estates 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.

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

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

OO. "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 Island Estates Neighborhood.

PP. "Operating Expenses" shall mean the expenses which are due to the Owners' Association from the Members 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.

QQ. "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.

RR. "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.

SS. "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.

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TT. "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.

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

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

WW. "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."

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

YY. "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.

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

AAA. "Unit" shall mean Dwelling Units, Tracts, and Land Segments.

BBB. "Voting Member" shall mean the Person who shall represent the Dwelling Unit Owners of the Island Estates 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 ISLAND ESTATES NEIGHBORHOOD

### A. Neighborhood Property.

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

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2. Portions of the Neighborhood Property will be Neighborhood Common Areas. The current Neighborhood Common Areas are shown on the Island Estates 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 Island Estates Neighborhood by executing and recording a Supplement or other instrument intended to have the same effect 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 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 Island Estates Neighborhood shall be subject to the provisions of this Declaration. Some of the effects of adding such real property to the Island Estates 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 Island Estates Neighborhood shall be four hundred (400).

4. The use of the waterways abutting the Island Estates Neighborhood is subject to the various restrictions set forth in this Declaration and the Master Declaration. THE ASSOCIATION, OWNERS' ASSOCIATION OR DECLARANT IS NOT RESPONSIBLE TO ASSIST AN OWNER IN ANY WAY TO OBTAIN ANY REQUISITE LICENSE OR APPROVAL TO CONSTRUCT ANY DOCK, BOAT SLIP, OR OTHER STRUCTURES ON ANY OF THESE WATERWAYS. SUCH LICENSES AND APPROVALS ARE THE SOLE RESPONSIBILITY OF THE OWNER. DECLARANT FURTHER MAKES NO REPRESENTATION CONCERNING THE ABILITY OF ANY UNIT OWNER TO OBTAIN THE REQUISITE LICENSES AND APPROVALS TO CONSTRUCT ANY DOCK, BOAT SLIP, OR OTHER STRUCTURE ON ANY OF THESE WATERWAYS. Additionally, an Owner whose Lot abuts the FEC canal east of Island Estates may have to also seek an easement from the owner of the FEC canal for access to the waterway over any portion of land owned by the owner of the FEC canal which is between the Lot and the waterway. Declarant makes no representation concerning the ability of an owner to obtain such an easement, and Declarant, the Owners' Association or the

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Association is not responsible to assist any Owner in obtaining such an easement.

5. Subject to the provisions of Article II(A)(2) above, the two (2) bridges and the roadways providing access to the Island Estates Neighborhood from Highway A1A are Neighborhood Common Areas, and the costs for maintenance thereof shall be assessed as a Neighborhood Common Expense. The roadways connecting those bridges to Highway A1A are subject to an easement in favor of the State of Florida or its designees to widen Highway A1A. The ownership of these roadways shall not affect the designation of the roadways as Neighborhood Common Areas.

6. Subject to the provisions of Article II(A)(2) above, Declarant shall have the right, but not the obligation, to add portions of real property between Highway A1A and the Atlantic Ocean to the Island Estates Neighborhood and to provide that such real property is Common Area, Neighborhood Common Area or Community Common Area for the purpose of beach access. Such real property, if any, may or may not include certain facilities, such as a dune walkover, gazebo, running water and parking areas. The costs of maintenance of this area, if any, shall be a Neighborhood Common Expense, or an Operating Expense assessed as a Community Assessment or Base Assessment, as appropriate. Notwithstanding anything provided herein, DECLARANT HAS NO OBLIGATION TO PROVIDE ANY BEACH FACILITIES OR BEACH ACCESS.

**B. Hammock Dunes Club.**

1. The Hammock Dunes Club is a private, equity membership Club, and it is subject to those documents promulgated by the Hammock Dunes Club. Any Lot Owner interested in membership in the Hammock Dunes Club should contact the Hammock Dunes Club.

2. NOTWITHSTANDING ANYTHING CONTAINED HEREIN, THE OWNERSHIP OF A UNIT, OR MEMBERSHIP IN THE OWNERS' ASSOCIATION, DOES NOT CONFER ANY OWNERSHIP INTEREST IN OR RIGHT TO USE ANY OF THE HAMMOCK DUNES CLUB FACILITIES OR OTHER CLUB FACILITIES IN ANY MANNER.

**III. HAMMOCK DUNES OWNERS' ASSOCIATION, INC. AND ISLAND ESTATES 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.

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2. Membership.

(a) Every Lot Owner 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 Island Estates Neighborhood shall have the same number of votes as the number of Lots in the Island Estates 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 Island Estates 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 Fish Island Community. "Turnover" shall mean a date no later than one hundred twenty (120) days after Declarant has conveyed ninety (90%) percent of the Dwelling Units 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 Island Estates 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 Unit Owners. The Master Documents set forth the manner in which the Unit 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

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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. Island Estates Neighborhood Association, Inc.

1. Each Lot 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 Island Estates Neighborhood is a part and the Unit Owners 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.

#### IV. EASEMENTS

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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 Lot Owners 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, and shall be subject to any use restrictions set forth herein or promulgated by the Board of Directors.

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 in the best interest of, and necessary and proper for, the Neighborhood Property and the remainder of the Total Property.

C. Easement 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.

D. Easement of Enjoyment and Use. Every Owner of a Lot in the Island Estates 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 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.

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#### V. OCCUPANCY AND USE RESTRICTIONS

##### A. Lot Area and Width; Setback; Size of Dwelling Unit; Structures.

1. Minimum Lot Size - No Dwelling Unit shall be built on any Lot having an area less than 17,516 square feet. Further, subdivision of any Lot within Island Estates Neighborhood is prohibited.

2. Setbacks - No part of any Dwelling Unit shall be located nearer than: 30 feet to the front Lot line; 30 feet to the side of a corner Lot; 20 feet to the side Lot line, and 20 feet from the rear Lot line.

3. Minimum Dwelling Unit Size - No Dwelling Unit shall contain less than 2,500 square feet of air-conditioned enclosed living area. An enclosed garage for a minimum of two cars shall be provided.

4. Determination of Square Footage - The method of determining the square footage of the enclosed living area of a Dwelling Unit, structure or addition thereto, shall be to multiply together the horizontal dimensions of the walls forming the outer boundaries of the Dwelling Unit, Structure or addition for each floor level. Open porches, atriums, screened-in patios, courtyards, garages and other similar type space shall not be taken into account in calculating the minimum air-conditioned enclosed living area square footage as required herein.

5. Use - All Lots are restricted to use for a single-family detached residence, designed for and 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. Buildings accessory to the use of a Dwelling Unit may be erected, provided such accessory buildings are not used for rental purposes and provided further that prior written approval is first obtained from the Design Review Committee. 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.

6. 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.



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7. Entity Owner  
the name of a corporation,  
individual or individuals,  
delivered to the Secretary .  
family or person as the occupant.  
Board of Directors approves,  
designations in any twelve  
designated family or individual  
occupy the Dwelling Unit.

8. Guests - Two (2)  
to occupy any Dwelling Unit at  
be able to promulgate rules and  
of guests permitted and the lease

9. Insurance Rates  
suffer anything to be done or  
the insurance rates on his  
Neighborhood Common Areas or when  
the rights of other Unit Owners

10. Contractors - All  
conducted or supervised by a contractor  
Florida. All such contractors  
contractors set forth in the Rules  
Estates. The Unit Owner is responsible  
meets the requirements set forth  
Review Manual for Island Estate;  
ASSOCIATION, NOR THE OWNERS' ASSOCIATION  
OWNER'S FAILURE TO DETERMINE WHETHER  
SELECTS IS LICENSED IN THE STATE OF  
REQUIREMENTS OF THE DESIGN REVIEW

B. Uses and Other Restrictions

1. Rules and Regulations  
shall, from time to time, promulgate  
respect to the Island Estates Neighborhood  
in the best interests of the Island  
Unit Owners. No Unit Owner shall  
unreasonable noises or otherwise, nor  
or permit to be committed any nuisance  
on his Lot or on the Neighborhood Common

2. Pets. A Unit Owner shall  
harbor domesticated household pets in  
provisions immediately following. Such  
areas designated for such purpose; prohibited  
leashed whenever outside the Unit. The  
shall also abide by any rules and regulations  
Board of Directors in this regard. Violation

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of any of said rules and regulations may result in the termination of the Unit Owner's right to keep such pet. A Unit 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.

3. Development Codes. A Unit 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 ("Design Review Manual for Island Estates"), subject to Declarant's approval prior to Turnover. The criteria for establishing the Design Review Manual for Island Estates include considerations relating to: (a) engineering matters, such as Lot elevations; (b) aesthetic matters, such as preserving views of the Intracoastal Waterway; (c) facilitation of utility and sewer connections; and (d) other matters in Declarant's sole discretion.

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

5. 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 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. On-street parking is prohibited. Additionally, subject to Article V(B)(19) herein, no vehicle of any type shall be operated on any Neighborhood Common Areas other than paved roadways.

6. Signs. No sign of any type shall be erected or displayed on any Lot provided, however, that a builder advertising his Lot or Dwelling Unit during the construction period shall be permitted to have signs for those purposes if such signs have received the prior written approval of the Design Review Committee.

7. 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 the attic space of a Dwelling Unit.

8. Swimming Pools. Swimming pools (including their screen enclosures, if any), deck area, patios, hot tubs and sun decks must be approved in writing by the Design Review Committee prior to construction. None of the Structures described in this paragraph shall be constructed closer than 20 feet from the rear Lot line or side Lot lines without prior written approval of the Design Review Committee.

9. Walls and Fences. No wall, fence or hedge shall be erected or maintained on any Lot unless approved in writing by the Design Review Committee as to the type, style, location, material, height and color.

10. 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.

11. Lot Elevations. To preserve and maintain proper drainage in the Island Estates 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.

12. Drainage Swales. The Association shall maintain any drainage swales within the Neighborhood Property which are for the purpose of providing drainage from any right-of-way. The location, width, depth and invert grades of culverts and dipped driveways shall be established by the Design Review Committee from time to time. No driveway shall be constructed, maintained, altered or permitted to exist on any Lot if, in the opinion of the Design Review Committee, its obstructs, would obstruct or otherwise impede the flow of surface drainage.

13. 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. Provided, however, mailboxes may be installed at the edge of pavement in accord with U.S. Postal Service regulations and the requirements of the Design Review Committee.

14. 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

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or material alteration of the aquifer, the construction and/or use of individual wells for any purpose on any Lot is prohibited.

15. 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 Island Estates Neighborhood.

16. 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.

17. Landscaping; Containers; Garbage. All yards of Lots shall be sodded or otherwise appropriately landscaped and kept as a lawn which shall extend to the pavement line of the street. The Lot Owner shall maintain all lawns and landscaping on that Owner's Lot to the edge of any pavement. No graveled, blacktopped or paved parking strips, except as approved in writing by the Design Review Committee, 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.

18. Wetlands; Sanctuaries. To reduce damage and prevent injury to the environment, no wetlands or Sanctuaries may be cleared, filled or disturbed in any way unless done in accordance with the Order and the Master Documents, and then approved by the Design Review Committee.

19. 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. Additionally, no moped, motor bike, dirt bike, mini-bike, ATV, go-cart or other such vehicles shall be operated on any portion of the Neighborhood Common Areas.

20. Docks; Boat Slips. Any dock, boat slip or other structure constructed on or abutting any waterway must first be approved by the Design Review Committee. Any government licensing requirement for these Structures, or easement required to construct such Structure, is the responsibility of the Unit Owner, and not Declarant, the Association nor the Owners' Association. Declarant makes no representation concerning the ability of any Unit Owner to obtain the requisite easement, licenses and approvals to construct these Structures, and Declarant further makes no

representation concerning the establishment of a "no wake" zone on any waterway abutting Island Estates.

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#### VI. LEASES AND TENANTS

A. Application. This Declaration and the Master Documents shall apply not only to Unit 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 a Unit 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 Unit Owner may lease his Dwelling Unit for a term of less than three (3) months or for a term of more than two (2) years. A Unit 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 a Unit 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 Unit Owner, lessee, tenant, invitee, guest or other person. Further, each Unit 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 a Unit 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 Unit Owner has leased his Dwelling Unit or otherwise permitted his Dwelling Unit to be occupied only by someone other than Unit Owner, the Unit Owner's right to use any of the recreational facilities otherwise available to Unit Owners shall be suspended.

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## VII. MAINTENANCE, REPAIRS AND ALTERATIONS

### A. Unit Owners.

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

2. Each Unit Owner must perform promptly all such maintenance and repairs which, if not performed, would affect a Dwelling Unit or Lot belonging to any other Unit Owner or the Neighborhood Property. Each Unit 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 in accordance with the Development Codes. Each Unit Owner shall pay for any utilities which are separately metered and charged to his Lot or Dwelling Unit.

3. No Unit 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 a Unit Owner shall be deemed to detrimentally affect the architectural design of the Neighborhood Property, unless made pursuant to the Development Codes.

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

5. Each Unit 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 Unit Owner being aware of such defect or need.

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

2. The Association shall maintain any drainage swales located on the Neighborhood Property which are for the purpose of providing drainage from any right-of-way. The costs of maintenance of the drainage swales shall be assessed as a Neighborhood Common Expense.

3. 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 Unit Owner or any Institutional Mortgagee; provided, however, except in the case of an emergency, if the cost of the same shall exceed Five Thousand and No/100 Dollars (\$5,000.00), 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 Unit Owners in the manner provided in the By-Laws.

4. Declarant may assign to the Association, and the Association shall accept, any obligation set forth in any agreement (including without limitation that Plat Agreement, Island Estates between Admiral Corporation and the County, as recorded in Official Records Book 409, Page 224 of the Public Records of the County) which requires Declarant to maintain, repair or replace any portions of the Neighborhood Common Areas, including without limitation those Neighborhood Common Areas which are bridges. Costs to maintain, repair and replace such Neighborhood Common Areas shall be a Neighborhood Common Expense.

**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 also set forth Neighborhood Common Expenses. The Budget shall also disclose the Unit Owners' shares of the Operating Expenses. The total Neighborhood Common Expenses shall be divided equally among all Lots in the Island Estates Neighborhood. The resulting Unit

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Owner's share of Neighborhood Common Expenses which is the "Neighborhood Common Expense Assessment" shall be assessed against each Unit Owner annually as part of the Annual Assessment. The Annual Assessment shall also include, in addition to a Neighborhood Common Expense Assessment, such Unit Owners' applicable portion of Operating Expenses, which shall be estimated by the Board of Directors if not yet available from the Owners' Association.

(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. 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.

2. Special Assessments. The Unit Owners shall be obligated to pay such 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 Unit Owners to pay their Annual Assessment, (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 assessments levied by the Owners' Association pursuant to the Master Documents. Special Assessments may be assessed against individual Units, a particular group of Units, or all Units within the Island Estates 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 a Unit Owner in the payment of an installment or an Annual Assessment or in the payment of a Special Assessment, the Board of Directors may accelerate any remaining installments of the Annual Assessment or any portion thereof of such Unit Owner, and upon written notice thereof to such Unit 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 Unit Owner owing the same in any manner provided for under Florida law, including foreclosure and sale of the Unit.

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

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

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 Unit 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

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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 Unit 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 Island Estates Neighborhood Common Expenses ("Original Neighborhood Common Expense Neighborhood Assessment") for the period commencing with the date hereof and ending on December 31, 1989 ("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, 1989, 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 amount attributable to a Special Assessment, casualty loss, 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.

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

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Association will have  
expended to acquire ac-  
cessories desirable by the  
Neighbors. Amounts paid  
to be repaid as advance  
payment portion of the

#### IX. LIABILITIES

A Board of Directors  
in suits as it may  
purpose providing liability  
Neighbors Common Areas in  
that policy or policies  
One Million Dollars (\$1,000,000)  
personnel and One Hundred  
thousand dollars arising out of  
Directly collect and  
premiums such insurance  
Annual payment. Said  
limited legal liability  
and dependent persons in connection  
or use of property or  
Common legal liability  
employment contracts of the  
for related to usage,  
hired time, non-owned  
coverage all such policies.  
Declaration as Declaration  
as the effective interest  
policies. The owner  
shall in the office  
policy contain a "separate  
or equal coverage, which  
denies claim of a Unit  
either association, Declaration  
the claim either Declaration  
negligence of the other  
All liability insurance shall  
to cover liabilities of the  
Each owner shall be  
liable for insurance for accident  
if the owner so determine  
purchase the Association

Each insurance policy  
shall state that they may  
(10) either written not  
Listed agents.

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

A. Each Unit Owner shall be responsible for the purchase of casualty insurance for all of his personal property and his Unit. 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 Island Estates, 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 Unit 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 Unit 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

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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 Owners' 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. 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 Unit Owner to adjust all claims arising under insurance policies purchased by the Association in which Unit 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. 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 Unit Owners and/or their respective mortgagees.

D. 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, Unit 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

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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 Lot Owner. 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.

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.

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(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 Special Assessment against all of the Unit Owners to obtain any necessary funds to repair and to restore such damaged improvements. Such 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 Special Assessment, the Board of Directors shall immediately levy such 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 Unit Owners pursuant to such 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 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 Unit Owners and Institutional Mortgagees of record as their interests may appear (an "Insurance Proceeds Distribution"). In making such distribution to the Unit Owners and the Institutional Mortgagees, the Insurance Trustee may rely upon a certificate of an abstract company as to the names of the then Unit 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 Unit Owners in proportion to their contributions by way of 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 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 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.

#### XI. AMENDMENTS OF THE DECLARATION

A. Prior to the time eighty (80%) percent of all Dwelling Units to be built in the Island Estates 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, provided that such amendment does not materially and adversely affect a Unit Owner's property rights. 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 Island Estates 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, Declarant's Amendment 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



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than the Owners of three-fourths (3/4) of all Lots within the Island Estates Neighborhood. Such vote shall be taken at any regular or special meeting of the Unit 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 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 Unit 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 Island Estates 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, 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

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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.

**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 a Unit 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 Island Estates Neighborhood 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 Institutional Mortgagees. In addition, evidence be issued to each Unit Owner and mortgage encumbering a Unit upon written request to

B. Upon written request to the Institutional Mortgagee shall be entitled to for the immediately preceding fiscal year reasonable time period.

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

1. Any condemnation, loss or affects any material portion of the Neighborhood;

2. Any lapse, cancellation or material any insurance policy or fidelity bond Association;

3. Any proposed action which would of mortgagees holding a mortgage encumbering

4. Any failure by a Unit Owner or by a mortgage held, insured or guaranteed Mortgagee to perform his obligations under including, but not limited to, any delinquent Annual Assessments or Special Assessments, or to the Association by said Unit Owner delinquency has continued for a period of six

D. Declarant and any Institutional Mortgagee right, but not the obligation, jointly or singular sole option, to pay any of the assessments which may or have become a charge against Declarant and any Institutional Mortgagees but not the obligation, jointly or singular option, to pay insurance premiums or fidelity behalf of the Association when, in regard to the premiums are overdue and when lapses in occurred. Declarant and any Institutional insurance premiums on behalf of the Owner forth above shall be entitled to immediate Association plus any costs of collection limited to, reasonable attorneys' fees at all levels.

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#### 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 ninety-nine (99) years from the date this Declaration is recorded, after which time this Declaration shall automatically be extended 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 Island Estates 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 Unit 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.

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 Special Assessments against the Owners' 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.

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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 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 Island Estates 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 Island Estates 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.

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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.

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 1st day of November, 1989.

Signed, sealed and delivered in the presence of:

Vickie S. East  
John F. Schlegel

Richard W. Wils  
John F. Schlegel

Stephanie J. Womack  
John F. Schlegel

DECLARANT:

ITT COMMUNITY DEVELOPMENT CORPORATION, a Delaware corporation

By: John F. Schlegel  
Attest: John F. Schlegel  
[CORPORATE SEAL]

JOINED BY:

ADMIRAL CORPORATION, a Florida corporation

By: W. W. McCall  
Attest: John F. Schlegel  
[CORPORATE SEAL]

ISLAND ESTATES NEIGHBORHOOD ASSOCIATION, INC., a Florida corporation not for profit

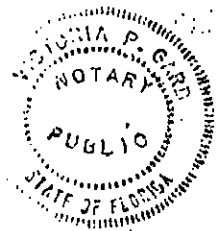
By: John F. Schlegel  
Attest: John F. Schlegel  
[CORPORATE SEAL]

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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 R. GAZZOLI, Vice President, 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 1st day of November, 1989.



*Victoria P. Gaed*  
Notary Public  
My Commission Expires:  
Notary Public, State of Florida  
My Commission Expires June 1, 1992 (SEAL)  
Bounded This True Fals - 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, Donald D. McGee and Robert F. Cuff, 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 1st day of November, 1989.



*Victoria P. Gaed*  
Notary Public  
My Commission Expires:  
Notary Public, State of Florida (SEAL)  
My Commission Expires June 1, 1992  
Bounded This True Fals - Insurance Inc.

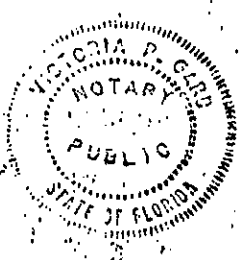


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STATE OF FLORIDA )  
: SS.:  
COUNTY OF FLAGLER )

I HEREBY CERTIFY that on this day personally appeared before me, an officer duly authorized to take acknowledgements, John L. Schlegel, and Lea A. Stokes, the President and Secretary respectively, of ISLAND ESTATES NEIGHBORHOOD ASSOCIATION, INC., 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 1st day of November, 1989.



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

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10/19/89:nd

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

Date: January 28, 1989.

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Parcel "G", Fish Island boundary.

**LEGAL DESCRIPTION:**

A parcel of land being all that parcel locally known as Fish Island, said parcel bounded on the North and East by the Southerly and westerly right-of-way line of the old "Florida East Coast Canal" (200'R/W), said parcel bounded on the West by the Mean High Water Line of the Intracoastal Waterway (500'R/W) lying in Government Sections 9, 10, 15, 22 and 23, Township 11 South, Range 31 East, Flagler County, Florida, being more particularly described as follows:

As a Point of Reference being the West quarter (1/4) corner of said Government Section 10, Township 11 South, Range 31 East, thence North 00°37'39" East along the Westerly line of said Section 10 a distance of 665.47 feet to a Point on the Southerly right-of-way line of the old "Florida East Coast Canal" (200'R/W), thence departing the Westerly line of Government Section 10 Easterly and Southerly along said "Florida East Coast Canal" right-of-way the following courses South 89°41'27" East a distance of 1049.64 feet to a Point of curvature, thence 1650.52 feet along a curve to the right (concave Southwesterly) having a central angle of 66°59'49", a radius of 1411.52 feet, a chord bearing of South 56°11'33" East and a chord distance of 1558.08 feet to a Point of tangency, thence South 22°41'38" East a distance of 2365.12 feet, thence South 26°58'55" East a distance of 1656.58 feet, thence South 19°11'11" East a distance of 2844.27 feet, thence South 17°01'23" East a distance of 3542.51 feet to a Point being the intersection of the Westerly right-of-way line of said old "Florida East Coast Canal" with the Easterly right-of-way line of the Intracoastal Waterway (500'R/W), thence continue South 17°01'23" East a distance of 144.37 feet to a Point on the Easterly Mean High Water Line of the Intracoastal Waterway, thence departing the Westerly right-of-way line of said old "Florida East Coast Canal" Northerly along the Easterly Mean High Water Line being further described by the following closing lines North 73°45'41" West a distance of 14.39 feet, thence North 45°51'02" West a distance of 74.23 feet, thence North 52°00'24" West a distance of 134.04 feet, thence North 53°00'40" West a distance of 145.06 feet, thence North 48°00'14" West a distance of 147.53 feet, thence North 42°41'54" West a distance of 129.05 feet, thence North 48°26'09" West a distance of 100.34 feet, thence North 43°07'48" West a distance of 122.35 feet, thence North 28°52'46" West a distance of 135.79 feet, thence North 37°40'13" West a distance of 225.16 feet, thence North 44°07'16" West a distance of 138.00 feet, thence North 32°49'40" West a distance of 133.49 feet, thence North 29°29'52" West a distance of 118.27 feet, thence North 25°14'44" West a distance of 140.25 feet, thence North 22°52'36" West a distance of 115.55 feet, thence North 15°17'58" West a distance of 175.79 feet, thence North 28°53'53" West a distance of 96.70 feet, thence North 21°34'34" West a distance of 158.31 feet, thence North 19°59'38" West a distance of 143.44

EXHIBIT "A"

SHEET 1 OF 12

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feet, thence North 35°11'04" West a distance of 36.29 feet, thence North 10°02'25" West a distance of 50.18 feet, thence North 16°49'46" West a distance of 59.07 feet, thence North 24°13'24" West a distance of 453.54 feet, thence North 20°32'05" West a distance of 151.41 feet, thence North 71°32'55" West a distance of 72.49 feet, thence North 18°29'21" West a distance of 139.30 feet, thence North 37°40'07" East a distance of 26.89 feet, thence North 23°41'43" West a distance of 209.45 feet, thence North 22°26'18" West a distance of 140.73 feet, thence North 18°29'56" West a distance of 139.46 feet, thence North 22°31'46" West a distance of 145.64 feet, thence North 19°34'35" West a distance of 140.71 feet, thence North 22°03'28" West a distance of 147.96 feet, thence North 23°31'51" West a distance of 147.19 feet, thence North 27°29'36" West a distance of 136.98 feet, thence North 22°26'58" West a distance of 156.13 feet, thence North 23°41'16" West a distance of 143.86 feet, thence North 22°18'46" West a distance of 125.08 feet, thence North 23°43'54" West a distance of 613.87 feet, thence North 16°01'02" West a distance of 134.49 feet, thence North 23°04'33" West a distance of 154.64 feet, thence North 22°41'02" West a distance of 154.86 feet, thence North 25°02'08" West a distance of 151.45 feet, thence North 24°16'31" West a distance of 150.14 feet, thence North 19°11'18" West a distance of 147.32 feet, thence North 22°35'20" West a distance of 152.90 feet, thence North 25°09'48" West a distance of 151.52 feet, thence North 19°27'32" West a distance of 151.44 feet, thence North 22°22'48" West a distance of 139.85 feet, thence North 21°08'54" West a distance of 162.57 feet, thence North 24°03'49" West a distance of 158.68 feet, thence North 21°03'04" West a distance of 151.15 feet, thence North 25°48'09" West a distance of 164.37 feet, thence North 19°28'33" West a distance of 136.91 feet, thence North 21°31'35" West a distance of 152.17 feet, thence North 24°23'53" West a distance of 147.35 feet, thence North 21°11'56" West a distance of 160.73 feet, thence North 24°18'57" West a distance of 152.84 feet, thence North 25°01'09" West a distance of 130.10 feet, thence North 21°32'38" West a distance of 142.24 feet, thence North 18°53'42" West a distance of 151.44 feet, thence North 21°36'20" West a distance of 155.87 feet, thence North 23°31'31" West a distance of 116.33 feet, thence North 27°20'48" West a distance of 151.68 feet, thence North 23°33'42" West a distance of 144.08 feet, thence North 26°29'38" West a distance of 172.89 feet, thence North 19°25'06" West a distance of 278.03 feet, thence North 37°13'11" West a distance of 120.66 feet, thence North 42°37'30" West a distance of 144.70 feet, thence North 47°01'07" West a distance of 151.39 feet, thence North 42°24'23" West a distance of 112.55 feet, thence North 41°00'13" West a distance of 146.70 feet, thence North 44°48'41" West a distance of 147.08 feet, thence North 48°30'21" West a distance of 457.98 feet, thence North 57°49'56" West a distance of 199.75 feet, thence North 81°56'33" West a distance of 82.24 feet, thence North 47°17'41" West a distance of 103.10 feet, thence North 64°59'30" West a distance of 143.34 feet, thence North 66°41'47" West a distance of 149.09 feet, thence North 68°19'52" West a distance of 375.12 feet, thence North 83°50'20" West a distance of 100.45 feet, thence North 34°50'35" West a distance of 50.20 feet, thence North 67°54'04" West a distance of 118.14 feet, thence North 87°26'01" West a distance of 72.65 feet, thence North 54°33'50" West a distance of 164.48 feet, thence North 67°49'49" West a distance of 152.92 feet, thence North 50°49'06" West a distance of 73.38 feet, thence North 62°42'08" West a distance of 124.43 feet, thence North 69°28'24" West a distance of 313.40 feet, thence North 71°11'46" West a distance of 219.87 feet, thence South 88°09'59" West a distance of 53.69

SHEET 2 OF 12

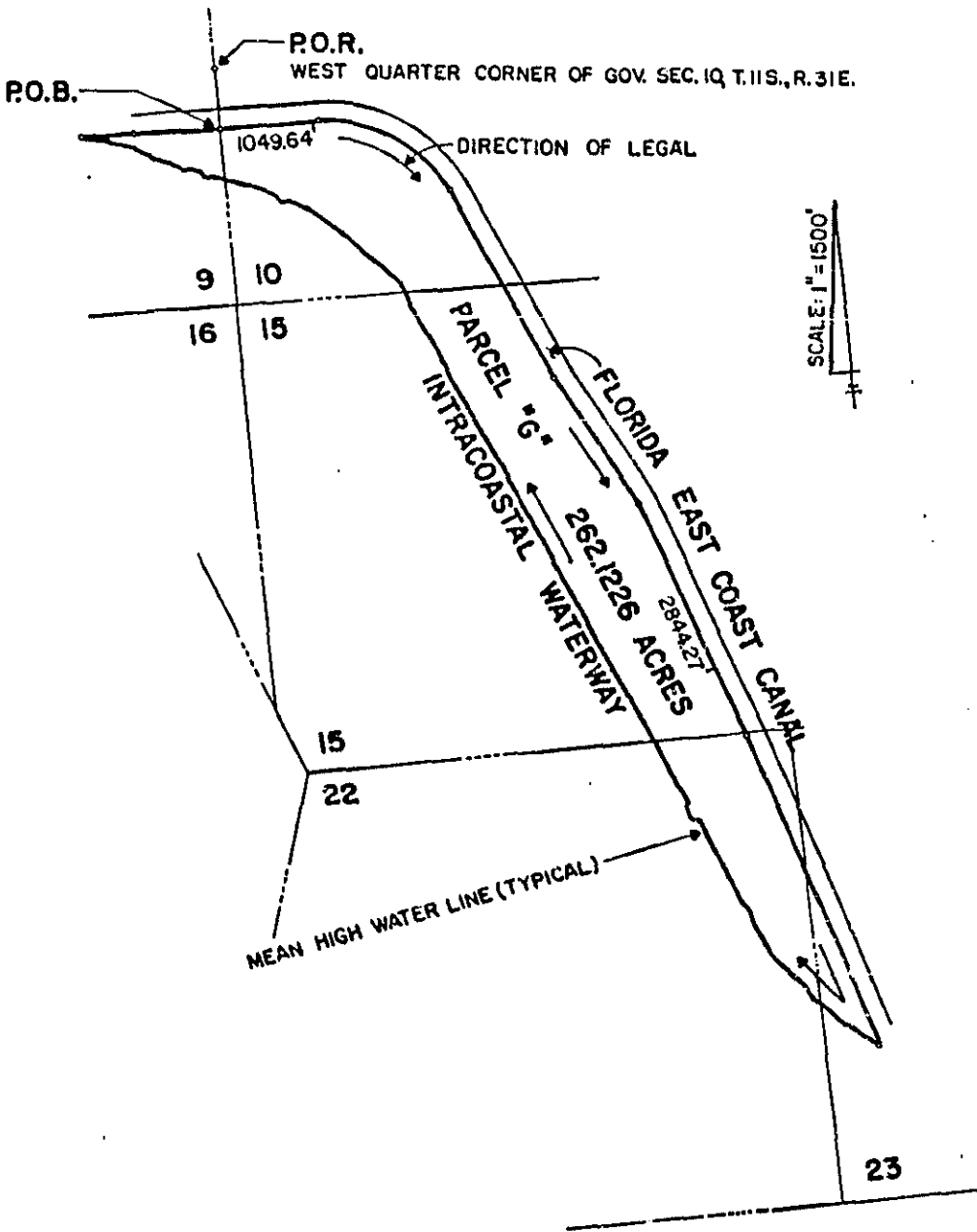
feet, thence North 70°14'21" West a distance of 25.62 feet to a Point on the Southerly right-of-way line of the old "Florida East Coast Canal", thence departing said Mean High Water Line of the Intracoastal Waterway South 89°41'27" East along the Southerly right-of-way line of said old "Florida East Coast Canal" a distance of 557.72 feet to a Point being the intersection of the Southerly right-of-way line of the old "Florida East Coast Canal" with the Easterly right-of-way line of the Intracoastal Waterway, thence continue South 89°41'27" East along said old canal right-of-way a distance of 894.58 feet to the POINT OF BEGINNING.

Parcel containing 262.1226 acres more or less.

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

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## SKETCH OF LEGAL DESCRIPTION HAMMOCK DUNES PARCEL "G"

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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; September 15, 1989.

Portion of the "Old" Florida East Coast Canal right-of-way accessing Fish Island at the Southerly bridge.

LEGAL DESCRIPTION:

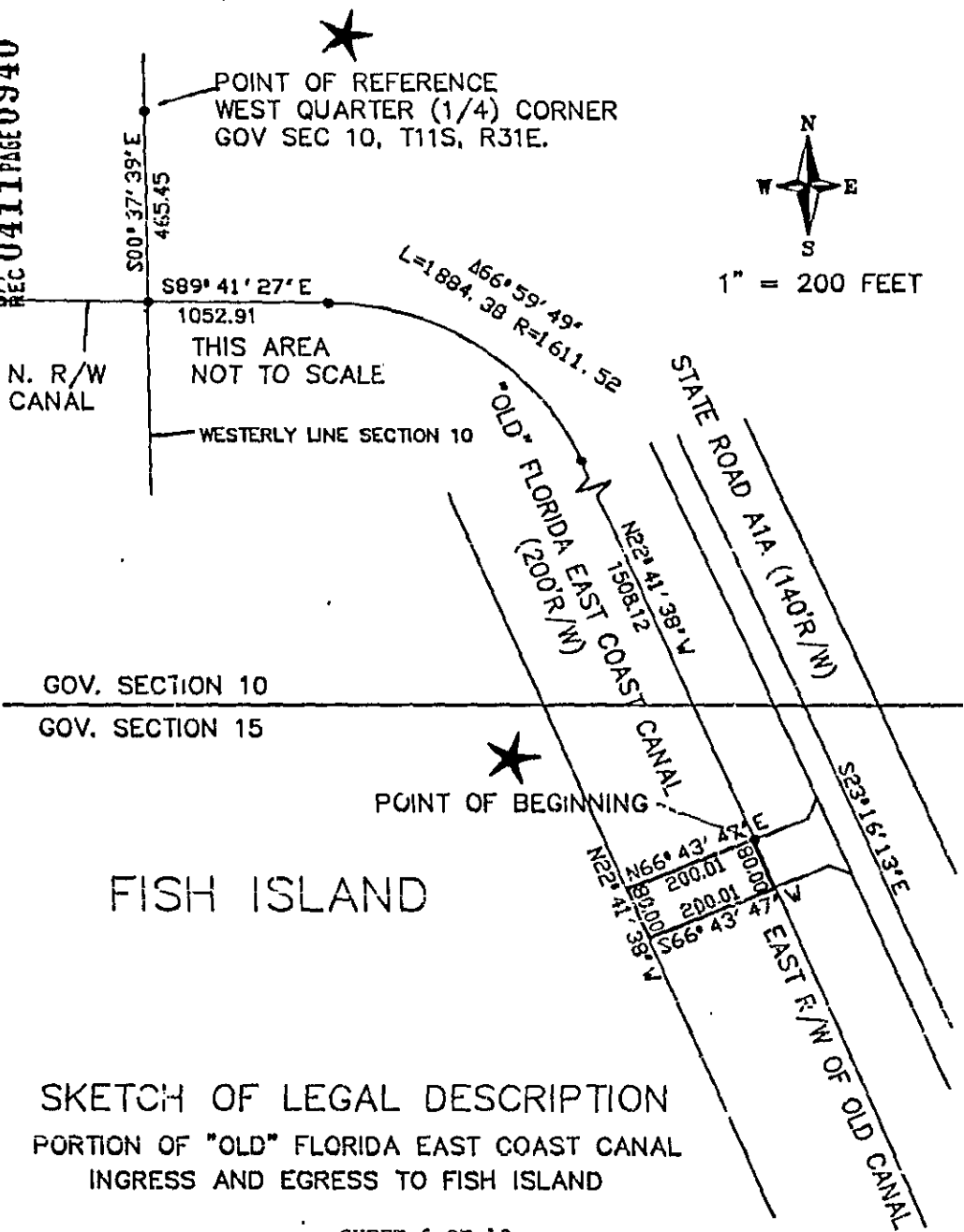
A parcel of land lying West of State Road A-1-A in Government Section 15, Township 11 South, Range 31 East, Flagler County, Florida, being more particularly described as follows:

As a Point of Reference being the Westerly Quarter (1/4) Corner of Government Section 10, Township 11 South, Range 31 East, thence South 00°37'39" East a distance of 465.45 feet to a Point on the Northerly right-of-way line of the "Old" Florida East Coast Canal (200'R/W), thence South 89°41'27" East along said right-of-way a distance of 1052.91 feet to a Point of curvature, concave Southwesterly, having a radius of 1611.52 feet and a central angle of 66°59'49", thence Easterly along the arc of said curve to the right a distance of 1884.38 feet said arc subtended by a chord bearing of South 56°11'33" East and a chord distance of 1778.85 feet to a Point of tangency, thence South 22°41'38" East along the Easterly right-of-way line of said canal a distance of 1508.12 feet to the POINT OF BEGINNING of the following description, thence continue South 22°41'38" East along the Easterly right-of-way line of said canal a distance of 80.00 feet, thence South 66°43'47" West a distance of 200.01 feet to a Point on the Westerly right-of-way line of said Florida East Coast Canal, thence North 22°41'38" West along said Westerly right-of-way line a distance of 80.00 feet, thence North 66°43'47" East a distance of 200.01 feet to the POINT OF BEGINNING.

Parcel containing 0.3673 acres more or less.

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

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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; September 15, 1989.

Ingress and egress easement for Fish Island at the Southerly bridge.

LEGAL DESCRIPTION:

A parcel of land lying West of State Road A-1-A in Government Section 15, Township 11 South, Range 31 East, Flagler County, Florida, being more particularly described as follows:

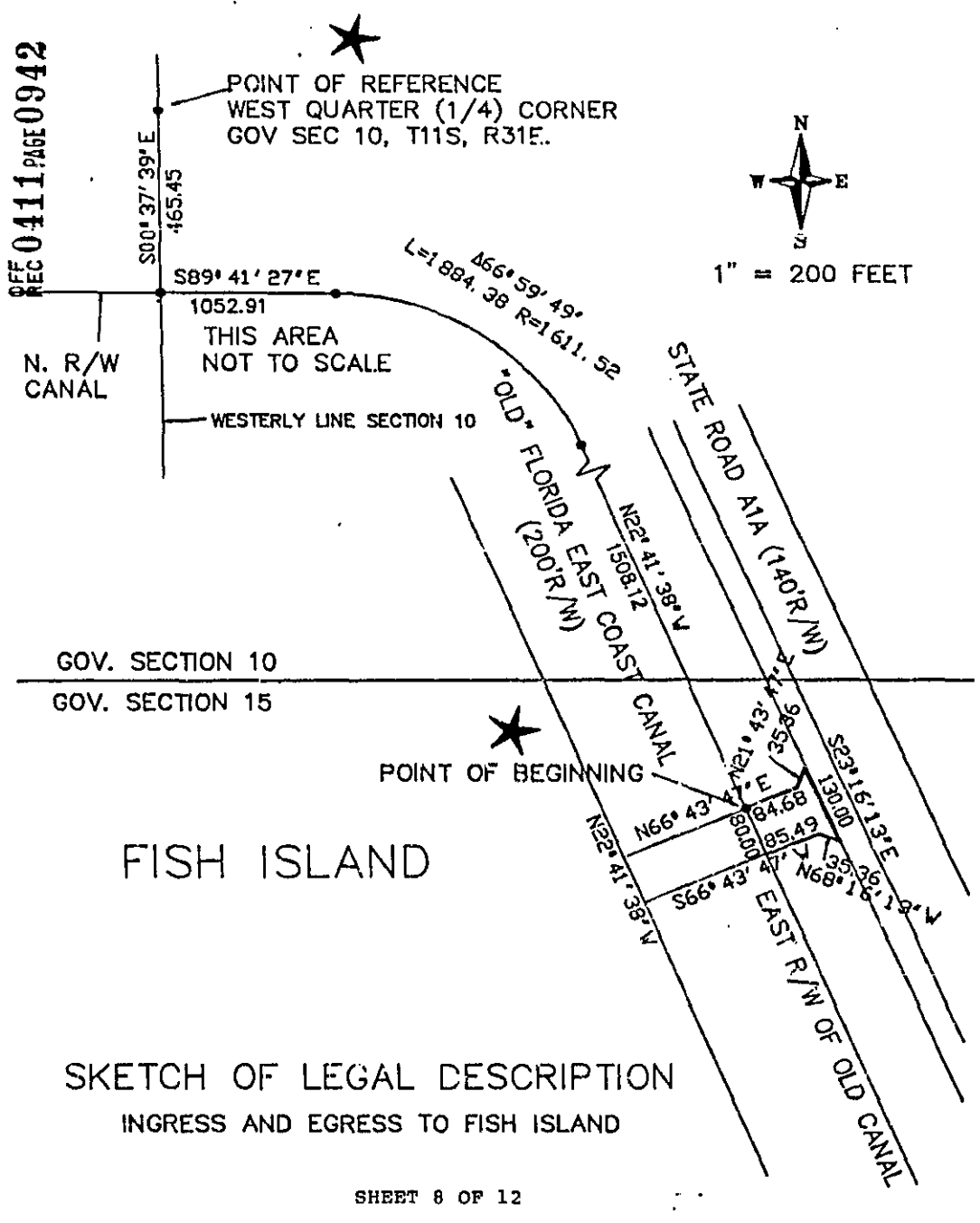
As a Point of Reference being the Westerly Quarter (1/4) Corner of Government Section 10, Township 11 South, Range 31 East, thence South 00°37'39" East a distance of 465.45 feet to a Point on the Northerly right-of-way line of the "Old" Florida East Coast Canal (200'R/W), thence South 89°41'27" East along said right-of-way a distance of 1052.91 feet to a Point of curvature, concave Southwesterly, having a radius of 1611.52 feet and a central angle of 66°59'49", thence Easterly along the arc of said curve to the right a distance of 1884.38 feet said arc subtended by a chord bearing of South 56°11'33" East and a chord distance of 1778.85 feet to a Point of tangency, thence South 22°41'38" East along the Easterly right-of-way line of said canal a distance of 1508.12 feet to the POINT OF BEGINNING of the following description, thence departing said canal North 66°43'47" East a distance of 84.68 feet, thence North 21°43'47" East a distance of 35.36 feet to a Point on the Westerly right-of-way line of State Road A-1-A (140'R/W), thence South 23°16'13" East along said right-of-way line a distance of 130.00 feet, thence departing State Road A-1-A North 68°16'13" West a distance of 35.36 feet, thence South 66°43'47" West a distance of 85.49 feet to a Point on the Easterly right-of-way line of said Florida East Coast Canal, thence North 22°41'38" West along said Easterly right-of-way line a distance of 80.00 feet to the POINT OF BEGINNING.

Parcel containing 0.2165 acres more or less.

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



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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; September 15, 1989.

Portion of the "Old" Florida East Coast Canal right-of-way accessing Fish Island at the Northerly bridge.

LEGAL DESCRIPTION:

A parcel of land being a Portion of the 200 foot wide "Old" Florida East Coast Canal right-of-way lying in Government Section 10, Township 11 South, Range 31 East, Flagler County, Florida, being more particularly described as follows:

As a Point of Reference being the Westerly Quarter (1/4) Corner of said Government Section 10, thence South 00°37'39" East along the Westerly Line of said Section a distance of 465.45 feet to a Point on the Northerly right-of-way line of the "Old" Florida East Coast Canal (200' R/W), thence South 89°41'27" East along said canal right-of-way line a distance of 498.45 feet to the POINT OF BEGINNING of the following description, thence continue South 89°41'27" East along said right-of-way a distance of 80.01 feet, thence South 00°24'54" East a distance of 200.02 feet to a Point on the Southerly right-of-way line of the "Old" Florida East Coast Canal, thence North 89°41'27" West along said right-of-way line a distance of 80.01 feet, thence North 00°24'54" West a distance of 200.02 feet to the POINT OF BEGINNING.

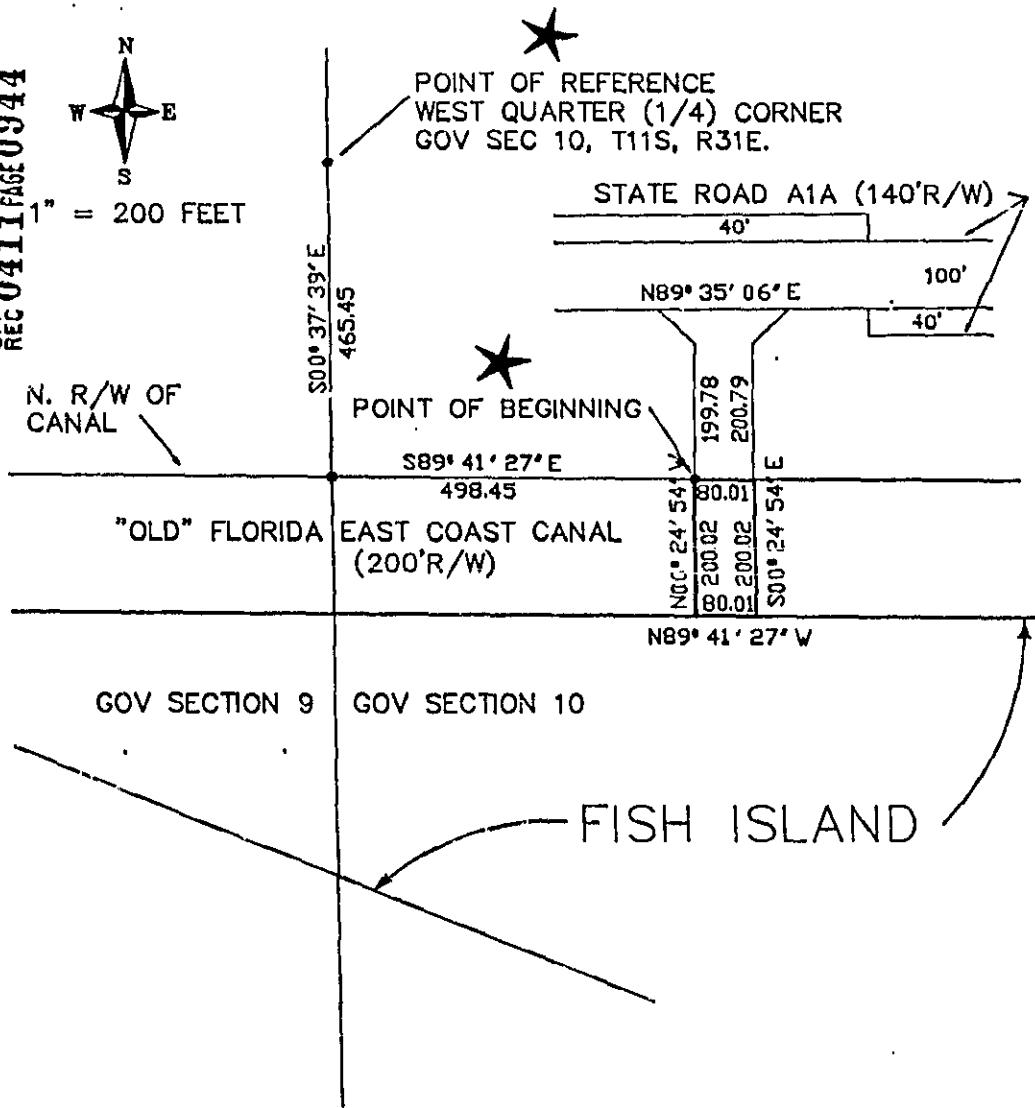
Parcel containing 0.3673 acres more or less.

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

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REC 0411



1" = 200 FEET



SKETCH OF LEGAL DESCRIPTION  
PORTION OF "OLD" FLORIDA EAST COAST CANAL  
INGRESS AND EGRESS TO FISH ISLAND

SHEET 10 OF 12

REC 0411 PAGE 0945

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

Date; September 15, 1989.

Ingress and Egress easement for Fish Island at the Northerly bridge.

LEGAL DESCRIPTION:

A parcel of land lying South 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:

As a Point of Reference being the Westerly Quarter (1/4) Corner of said Government Section 10, thence South  $00^{\circ}37'39''$  East along the Westerly Line of said Section a distance of 465.45 feet to a Point on the Northerly right-of-way line of the "Old" Florida East Coast Canal (200'R/W), thence South  $89^{\circ}41'27''$  East along said canal right-of-way line a distance of 498.45 feet to the POINT OF BEGINNING of the following description, thence departing said canal North  $00^{\circ}24'54''$  West a distance of 199.78 feet, thence North  $45^{\circ}24'54''$  West a distance of 70.71 feet to a Point on the Southerly right-of-way line of State Road A-1-A (140'R/W), thence North  $89^{\circ}35'06''$  East along said Southerly right-of-way line a distance of 180.00 feet, thence departing State Road A-1-A South  $44^{\circ}35'06''$  West a distance of 70.71 feet, thence South  $00^{\circ}24'54''$  East a distance of 200.79 feet to a Point on the Northerly right-of-way line of the "Old" Florida East Coast Canal, thence North  $89^{\circ}41'27''$  West along said right-of-way line a distance of 80.01 feet to the POINT OF BEGINNING.

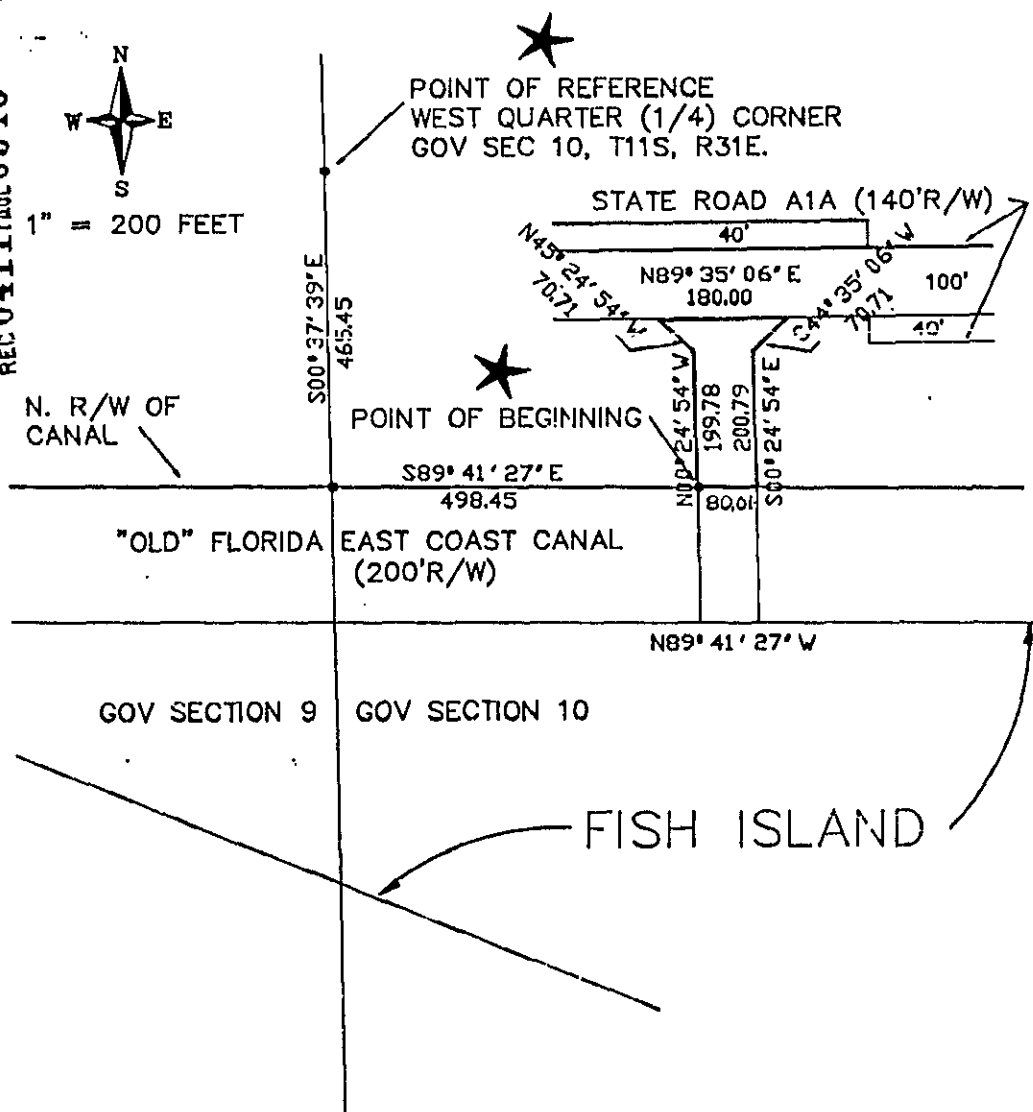
Parcel containing 0.5171 acres more or less.

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

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1" = 200 FEET



# SKETCH OF LEGAL DESCRIPTION

INGRESS AND EGRESS TO FISH ISLAND

SHEET 12 OF 12






# EXHIBIT "B" PROPERTY PLAN

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## ISLAND ESTATES

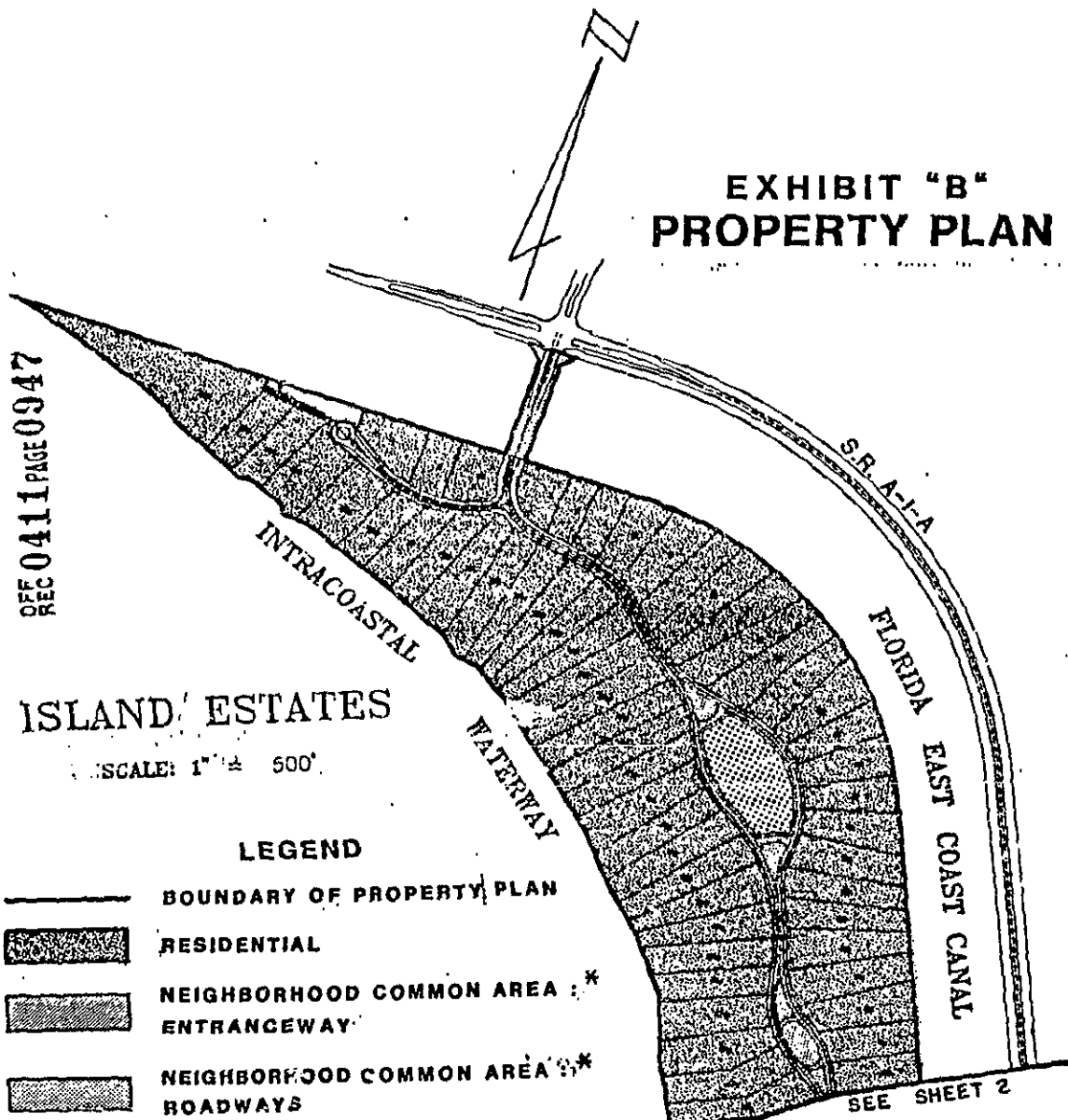
SCALE: 1" = 500'

### LEGEND

-  BOUNDARY OF PROPERTY PLAN
-  RESIDENTIAL
-  NEIGHBORHOOD COMMON AREA : \* ENTRANCEWAY
-  NEIGHBORHOOD COMMON AREA : \* ROADWAYS
-  NEIGHBORHOOD COMMON AREAS : \* MATCH LINE  
COMMON RECREATION AREAS

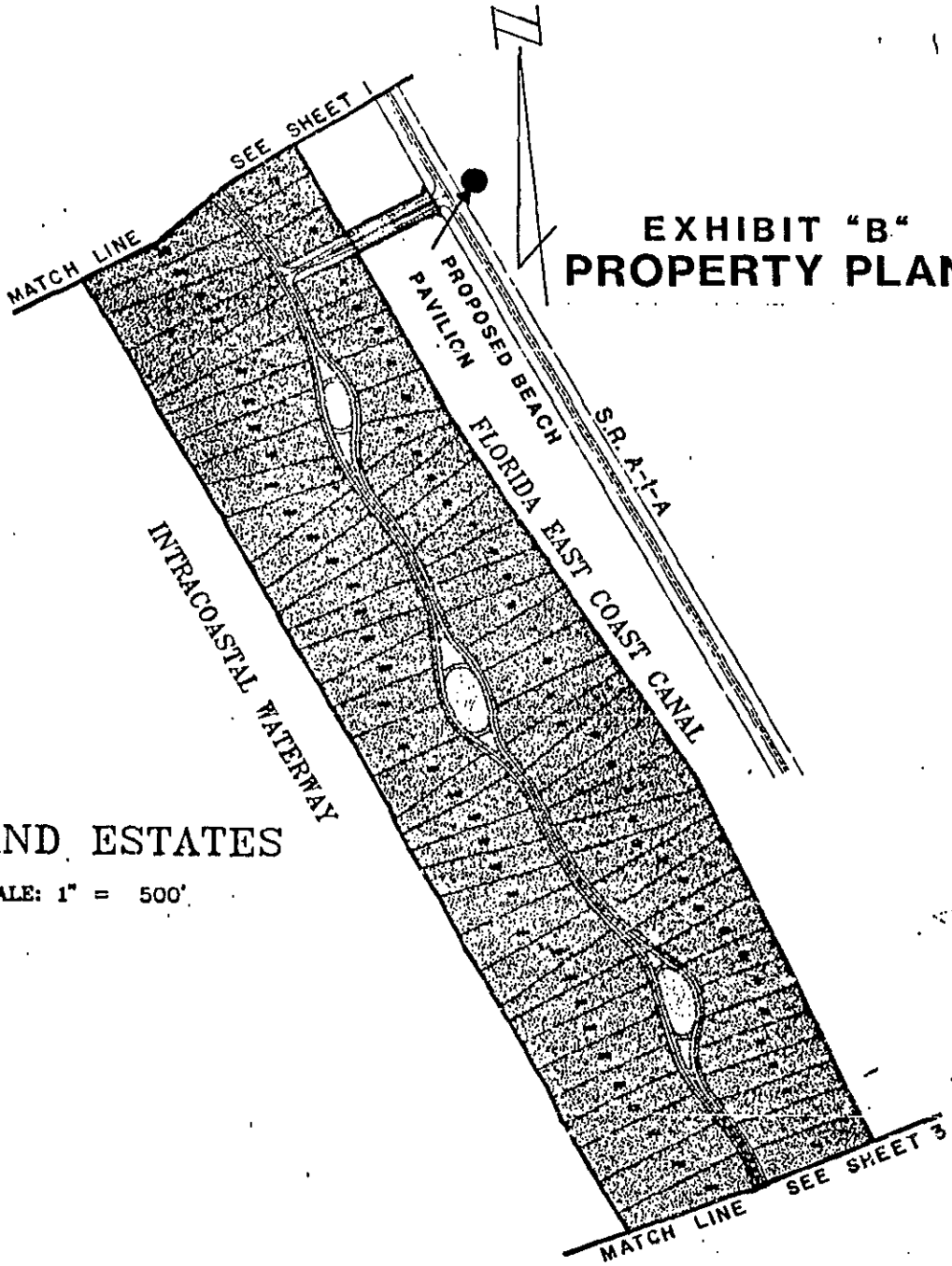
\* THE NEIGHBORHOOD COMMON AREAS DELINEATED ON THIS PLAN  
PERTAIN TO THE ISLAND ESTATES NEIGHBORHOOD  
EXHIBIT "B"

SHEET 1 OF 2



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# EXHIBIT "B" PROPERTY PLAN

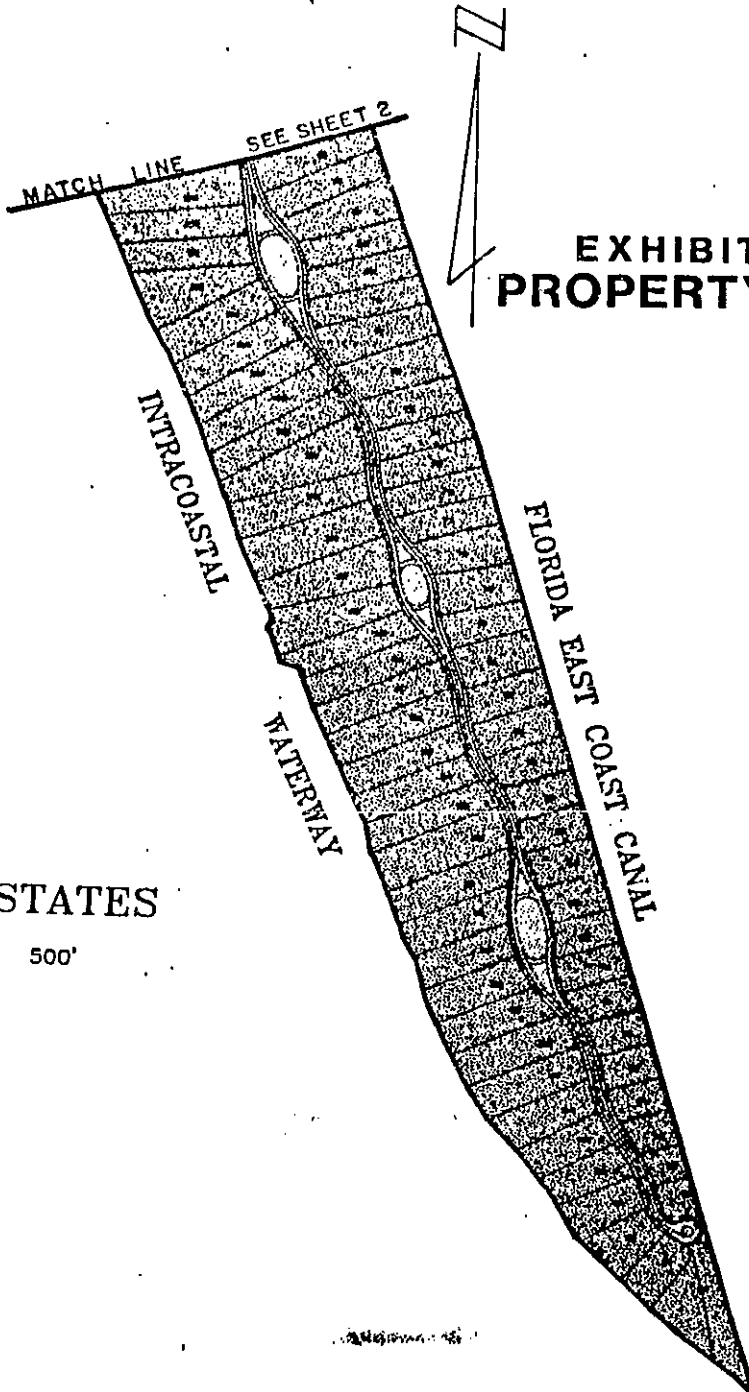


ISLAND ESTATES

SCALE: 1" = 500'

SHEET 2 OF 3

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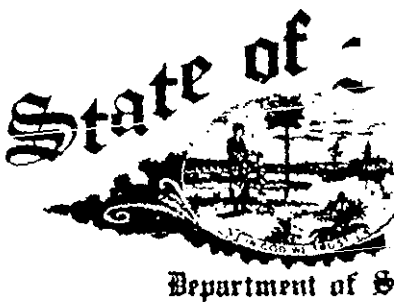
**EXHIBIT "B"**  
**PROPERTY PLAN**

**ISLAND ESTATES**

SCALE: 1" = 500'

SHEET 3 OF 3





the attached is a true and correct  
tion of ISLAND ESTATES NEIGHB  
orporation organized under the laws  
October 11, 1989, as shown by the  
nent number of this corporation is N34

Given under  
Great Seal of the  
at Tallahassee, Fl  
23rd da

Jim Sn  
Secretary of

EXHIBIT "C"  
SHEET 1 OF 12



State

copy of the Articles of  
MORRHOOD ASSOCIATION,  
of the State of Florida,  
records of this office.

652.

my hand and the  
State of Florida,  
the Capital, this the  
1 of October, 1989.

with  
of State

out the covenants and enforce the provisions of any of the Island Estates 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 Island Estates 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 Island Estates Neighborhood Documents.

2. To make, establish and enforce reasonable rules and regulations governing the use of the Island Estates Neighborhood Common Areas.

3. To make, levy and collect assessments for the purpose of obtaining funds for the payment of Island Estates Neighborhood Common Expenses in the manner provided in the Island Estates 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 Hammock Dunes that it is required to maintain, repair, replace and operate in accordance with the Master Documents and the Island Estates Neighborhood Documents.

5. To enforce the provisions of the Island Estates Neighborhood Documents.

6. To construct improvements to Hammock Dunes in accordance with the Master Documents and the Island Estates Neighborhood Documents.

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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 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 Island Estates 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 Dwelling Unit Owners and Land Segment 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 Dwelling Unit or Property Unit 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 Dwelling Unit or Property Unit 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 Dwelling Unit or Property Unit and if there is more than one (1) Owner with respect to such Unit as a result of the fee interest in such Unit

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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.

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 Island Estates 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.

**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.

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**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.

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SHEET 6 OF 12

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

Name	Address
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 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 Island Estates 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 Island Estates 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 Island Estates 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

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owns any interest in the Island Estates 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.

**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. 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.

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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.

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 Mortgagees without the prior written consent of such Institutional Mortgagees.

#### **ARTICLE XIV SUCCESSOR ENTITY**

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 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.


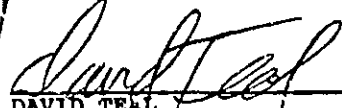
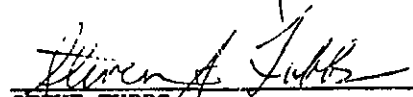
B. Upon the filing of Restated Articles by the Secretary of State of Florida, the original Articles, as theretofore amended, shall be superseded, and thenceforth the Restated Articles shall be these Articles of Incorporation of the Neighborhood Association.

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 Coast, 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 Island Estates Neighborhood Association, Inc., have hereunto affixed our signatures this 4th day of October, 1989.

  
JOHN L. SCHLEGEL  
  
DAVID TEAL  
  
STEVE TUBBS

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

*John L. Schlegel*  
JOHN L. SCHLEGEL

STATE OF FLORIDA )  
COUNTY OF FLAGLER ) SS:

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 Island Estates 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.

WITNESS my hand and official seal this 4<sup>th</sup> day of OCTOBER, 1989.

*Victoria P. Gard*  
Notary Public  
My Commission Expires: [SEAL]  
Notary Public, State of Florida  
My Commission Expires June 1, 1992  
Bound This Day File - Insurance Inc.

STATE OF FLORIDA )  
COUNTY OF FLAGLER ) SS:

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 4<sup>th</sup> day of OCTOBER, 1989.

*Victoria P. Gard*  
Notary Public  
My Commission Expires: [SEAL]  
Notary Public, State of Florida  
My Commission Expires June 1, 1992  
Bound This Day File - Insurance Inc.

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

**ARTICLE 1  
IDENTIFICATION OF ASSOCIATION**

These are the By-Laws of Island Estates 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 Island Estates Neighborhood or such portions thereof or of Hammock Dunes as are dedicated to or made the responsibility of the Association in the Island Estates Neighborhood 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 Island Estates 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 for Island Estates Neighborhood ("Declaration") shall be used herein with the same meanings as defined in said Declaration, except as set forth herein.

EXHIBIT "D"  
SHEET 1 OF 18

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

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**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 August 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. Notice of the Annual Meeting shall be posted at a conspicuous place on Island Estates Neighborhood at last fourteen (14) days prior to an Annual Meeting. If a meeting of the members, either a special meeting or an Annual Meeting is one which, by express provision of the Neighborhood Documents, there is permitted

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or more or lesser amount of time is required of the division herein to governing may be waived or altered by written notice forth

Members may, at the written agreement of the matter or matters to be addressed to the addresses set forth herein or during the session of the meeting to be agreed upon, be solicited in the presence of the quorum of the members forth a time period not less than one month.

as otherwise provided, all consist of the entire membership of the organization by meeting at which the action of a meeting shall be required of the parties for the present at any time of such meeting. All voting rights shall be required of the members, which is one which shall be required of the members, then such required vote on the

meeting of the organization, in attendance, a proxy, may be given if present. The notice provisions of the Board of Directors

of all meetings shall be in the manner and by the directors and the association shall be subsequent to the

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3.9 Voting rights of members shall be as stated in the Neighborhood Declaration and Articles. Such votes may be cast in person, by proxy or by "Certificate" (as defined in Article VII of the Neighborhood Declaration). "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 Island Estates Neighborhood is entitled to elect one (1) Voting Member to the Owners' Association in accordance with the Master Documents. The election of the Voting Member shall be in accordance with the Articles, and the election shall be conducted in the following manner: (a) election of the Voting Member shall be held at the special meeting described in Articles V, Section G of the Articles; (b) Nominations for the Voting Member shall be the responsibility of a special nominating committee (the "Voting Member Nominating Committee"). The Voting Member Nominating Committee shall be comprised of no less than three (3) nor more than (5) Dwelling Unit Owners in the Island Estates Neighborhood who shall be appointed by the Board of Directors no less than ninety (90) days prior to the special meeting described in the Articles. The chairperson shall be a Director. The Voting Member Nominating Committee shall have the responsibility of preparing a slate of candidates for the election of the Voting Member. The Voting Member Nominating Committee shall provide the slate of candidates to the Board of Directors for its approval. If approved, the Board of Directors shall then provide the slate of candidates to the members at the time the members receive notice of the meeting, as set forth in the Articles. The members may nominate additional candidates at the meeting at which the votes are cast, and nothing herein shall be construed to limit a member's right to vote for a candidate other than those presented by the Voting Member Nominating Committee.



**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.

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.

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(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 a 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. Except in an emergency, notice of a Board of Directors meeting shall be posted conspicuously on the Island Estates Neighborhood forty-eight (48) hours in advance for the attention of members. Notice of any meeting where Special Assessments against members are to be considered by the Board of Directors for any reason shall specifically contain a statement that Special Assessments will be considered and the nature of any such 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 record. Specifically otherwise provided in the Articles or elsewhere in the Bylaws, the Directors there shall be a quorum if those present may adjournment, any business meeting as originally called, notice to the Directors to the Neighborhood Development Directors.

4.10 The President shall be the President.

4.11 Directors' majority of the members.

4.12 Minutes of a meeting shall be kept in a businesslike manner by members and Directors at reasonable times. The minutes shall for at least seven (7) years and the minutes reflect.

4.13 The Board of Directors may create executive committees of less than two (2) Directors to exercise such powers of the Board to such executive committees.

4.14 Meetings of the Board shall be open to members. Unless a member has been specifically invited to a meeting of the Board, no member shall participate in the meeting as an observer. In the event a member or not otherwise invited to a meeting attempts to be present at a meeting or conducts himself in a manner disruptive to the meeting, the meeting by any reasonable means may be suspended or adjourned to exclude from any meeting any member who is not able to provide a reasonable explanation unless said person was specifically invited to participate in such meeting.

4.15 No Director shall be eligible for reelection for acting as a Director representing a majority of the members.

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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.

**ARTICLE 5**  
**POWERS AND DUTIES OF THE BOARD OF DIRECTORS**

All of the powers and duties of the Association, including those existing under the Island Estates 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 Island Estates Neighborhood Documents and shall include, but not be limited to, the following:

5.1 Making and collecting Annual and 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.

5.3 Maintaining, repairing and operating the Island Estates 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 Island Estates Neighborhood.

5.5 Making and amending rules and regulations with respect to Island Estates 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 Neighborhood Declaration or the Master Declaration.

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

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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

ate contracting with a Director for the  
metates Neighborhood.

ARTICLE 7  
CORDS: FISCAL MANAGEMENT

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1.1 shall maintain accounting records in  
an accepted accounting principles which  
bion by members or their authorized  
erle times. Such authorization as a  
must be in writing and be signed by the  
gation and be dated within sixty (60)  
of inspection. Written summaries of the  
the supplied at least annually to the  
s.ords shall include (a) a record of all  
tsb) an account for each Unit which shall  
atress of the Unit Owner, the amount of  
sshe Unit, the amounts and due dates for  
ss: paid upon such account and the balance  
on account indicating the Neighborhood  
Under the Neighborhood Budget and the  
bors actually incurred during the course  
an account for Neighborhood Assessments  
perged against the Association and the  
sh Unit.

1.2 Directors shall adopt a budget of the  
bors of the Association (the "Budget") for  
for at a regular or special meeting of the  
of Meeting") called for that purpose not  
tch year. In the event a Budget is not  
ed, it shall not abrogate or alter Unit  
s' Neighborhood Common Expenses. Prior to  
dposed Budget shall be prepared by or on  
fctors, which Budget shall include, where  
called to, the following items of expense:

ation of the Association  
t fees  
ice  
on Association property  
enses  
provisions  
capital

on's share of Operating Expenses

he proposed Budget and notice of the  
t: Budget Meeting shall be mailed to each

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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 Island Estates 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 Island Estates 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 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 Island Estates Neighborhood property. 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



set all budgeted expenses  
for the year.

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(e) The depository banks as shall be designated by the Board of Directors in which the monies are deposited. Withdrawal of monies by checks signed by such persons.

(f) A report of the Association for the year prepared annually by an accountant designated by the Board of Directors shall be furnished to each member of the year following the report shall be deemed to be received by delivery or mailing to the member. The books and records of the

7.3 (a) Should the budget of the Budget Meeting require assessments against the members exceeding fifteen percent (15%) of the prior year's assessments for the prior year. If, however, the Neighborhood is required to meet the Budget (15%) of such Neighborhood members for the preceding year, provided that in computing the assessment constitutes an assessment included from such computation ("assessments"), including the following:

(i) Reasonable cost of the Neighborhood property.

(ii) Anticipated expenses not anticipated to be included.

(iii) Neighborhood assessments to the Neighborhood.

(iv) Any assessments for insurance or utilities.

(b) Prior to the assessment being adopted by the meeting of the members shall be held not less than

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sending of written notice to each member, but within twenty (20) days after the Budget Meeting. At said special meeting the Excess Assessment shall be presented to the members. If at said special meeting a majority of the members shall approve the Excess Assessment, then the Budget adopted by the Board of Directors shall be the final Budget. If, at said special meeting of the members a majority of the members shall not approve the Excess Assessment, then the Board of Directors shall reconvene at a special meeting so as to reduce the items of anticipated expense in the Budget, other than the Excluded Expenses, in an amount necessary so that the Budget adopted by the Board of Directors will not result in an Excess Assessment against the Members.

(c) After Neighborhood Turnover, 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.

(d) 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.

(e) 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 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 "Annual Assessment Period" (as described in the Declaration), the estimate of the expenses of the Neighborhood Association and the Neighborhood shall be divided by the number of Units within the Neighborhood and the resultant product plus the share of the Operating Expenses attributable to each Unit shall constitute the Assessment for such Unit.

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

7.5 The Association shall collect Annual Assessments and all 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 and regulations or rescind existing rules and regulations for the operation and use of the Island Estates Neighborhood property by Unit Owners (provided that such rules and regulations are not inconsistent with those promulgated by the Owners' Association) at the meeting of the Board of Directors; provided, however, that such rules and regulations are not inconsistent with other Neighborhood Documents. Copies of any rules and regulations promulgated, amended or rescinded shall be mailed to all Unit Owners at their 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 XX, Paragraph B of the Neighborhood Declaration, the Association shall have the right to assess monetary fines against an Owner or its guests, relatives, or invitees, in the manner provided herein, and such fines shall be enforceable as any other assessment. The Association shall have a "Special Lien" against the Unit Owners and Units against which a fine has been assessed or levied. Each Board of Directors (the "Enforcing 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

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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 Special Lien against the Unit owned by the Non-complying Member.

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(c) Notice to Alleged Non-Complyi  
complying Members shall be notified by  
receipt requested, or by hand delivery,  
(5) days in advance of said hearing.  
Member shall be given notice of hearing  
Committee unless said Alleged Non-comply  
given reasonable opportunity to rectify  
condition.

**ARTICLE 10**  
**PARLIAMENTARY RULES**

The then latest edition of Robert's  
govern the conduct of meetings of this  
however, if such rules and regulations  
Articles, these By-Laws or the Neighborhood  
Articles, By-Laws or Neighborhood Declar  
shall govern.

**ARTICLE 11**  
**AMENDMENT OF THE BY-LAWS**

11.1 These By-Laws may be amended by  
not less than a majority of the members  
Meeting or a special meeting of the members  
approval of a majority of the Board of Directors  
special meeting of the Board of Directors  
amendment shall be sent to each member and  
special meeting of the members or Annual Meeting  
be approved at the same meeting of the members  
members at which such amendment is proposed.

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

11.3 Amendments to these By-Laws shall  
with the requirements of the law and amendments  
at the time of amendment.

11.4 No modification or amendment shall  
effective which would affect or impair the  
a mortgage held by any Institutional Lender  
without the Institutional Mortgagee's or Lender's  
consent.

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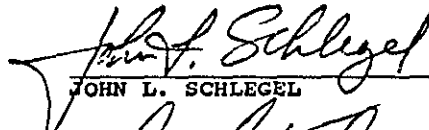
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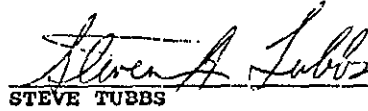
**ARTICLE 12**  
**CONFLICT**

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

The foregoing By-Laws of Island Estates Neighborhood Association, Inc. are hereby adopted by all of the Directors of Island Estates 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

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ISLAND ESTATES NEIGHBORHOOD ASSOCIATION  
1989 OPERATING BUDGET

RECEIPTS:

Annual

200 Units at \$107.11 per unit per month/or \$21,422.00 monthly \$257,064.00  
(includes 18.89 a month for Hammock Dunes Owners' Association)

DISBURSEMENTS:

ADMINISTRATION

Management Fee	\$14,400.00
Accounting Services (included in Management Fee)	N/A
Corporate Annual Fee	\$35.00
Licenses & Permits	N/A
Audit Fees	\$2,000.00
Office Supplies	\$350.00
Legal Fees	\$200.00

TAXES

Income Tax	N/A
Personal Property Tax	N/A
Real Estate Tax	N/A

MAINTENANCE & REPAIR

Landscape Maintenance (specifications enclosed)	\$75,000.00
Landscape Maintenance Supplies	\$1,200.00
Extermination Services	N/A
Janitorial Supplies	\$150.00
Building Maintenance Supplies	\$600.00
Entry Sign Annual Maintenance	\$200.00

UTILITIES

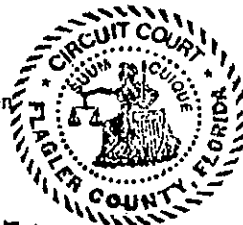
Water	N/A
Sewer	N/A
Refuse	\$672.00
Telephone	\$600.00
Electric	\$3,900.00
Irrigation	\$37,953.00
Private Fire Protection	\$1,791.40

ACCESS CONTROL

\$52,000.00

INSURANCE

Directors & Officers (Errors & Omissions)	\$900.00
General Liability (\$1,000,000)	\$504.00



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J. Juckey  
CLERK OF COURT  
DUVAL COUNTY FLORIDA

EXHIBIT "E"