

ARTICLES OF INCORPORATION
OF
THE SANCTUARY ON SPRUCE CREEK HOMEOWNERS ASSOCIATION INC.

(A corporation not for profit)

In compliance with the requirements of Chapter 617 of the Florida Statutes, the undersigned, all of whom are residents of Florida and all of whom are of full age, have this day voluntarily associated themselves together for the purpose of forming a corporation not for profit and so hereby certify:

ARTICLE I

The name of the corporation is THE SANCTUARY ON SPRUCE CREEK HOMEOWNERS ASSOCIATION, INC.

ARTICLE II

The principal office of the Association is located at 1150 Pelican Bay Drive, Daytona Beach, Florida 32119.

ARTICLE III

Morteza Hosseini-Kargar, whose address is 1150 Pelican Bay Drive, Daytona Beach, Fl. 32119, is hereby appointed the initial registered agent of this Association.

ARTICLE IV

PURPOSES AND POWERS OF THE ASSOCIATION

This Association does not contemplate pecuniary gain or profit to the members thereof, and the specific purposes for which it is formed are to provide for maintenance, preservation and architectural control of the residential lots and Common Area, and to promote the health, safety and welfare of the residents within the THE SANCTUARY ON SPRUCE CREEK SUBDIVISION and any additions thereto as may hereafter be brought within the jurisdiction of this Association. In furtherance of their purposes, the Association shall have the power to:

(a) exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in the Declaration of Covenants and Restrictions, (hereinafter called the "Declaration"), and all plats, applicable to the THE SANCTUARY ON SPRUCE CREEK SUBDIVISION, which plats and Declaration are to be recorded in Official Public Records of Volusia County, Florida, and as the same may be amended from time to time. Capitalized terms herein shall have the meaning set forth in the Declaration;

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

The assessments shall also be used for the maintenance and repair of the surface water or stormwater management systems including, but not limited to, work within retention areas, drainage structures and drainage easements and for maintenance and repair of the private roads, landscaping and walls within common areas;

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

(d) borrow money, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(e) dedicate, sell or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members;

(f) participate in mergers and consolidations with other non-profit corporations organized for the same purposes or annex additional residential property and Common Area;

(g) have and to exercise any and all powers, rights and privileges which a corporation organized under the Non-Profit Corporation Law of the State of Florida by law may now or hereafter have or exercise;

(h) The Association shall operate, maintain and manage the surface water or stormwater management system(s) in a manner consistent with the St. Johns River Water Management District permit number 4-127-0275 requirements and applicable District rules, and shall assist in the enforcement of the restrictions and covenants contained hereon;

(i) The Association shall levy and collect adequate assessments against members of the Association for the costs of maintenance and operation of the surface water or stormwater management system including, but not limited to, work within retention areas, drainage structures and drainage easements and for maintenance and repair of the private roads, landscaping and walls within common areas.

ARTICLE V
MEMBERSHIP

Every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessment by the Association shall automatically be a member of the Association.

The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association.

ARTICLE VI
VOTING RIGHTS

The Association shall have two classes of voting membership:

Class A. Class A member(s) shall consist of all of the Owners of Lots within any phase of THE SANCTUARY ON SPRUCE CREEK SUBDIVISION with the exception of MHK of Volusia County, Inc. (the "Declarant"). The Class A member shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot, nor shall any fractional vote be cast.

Class B. Class B shall be the Declarant (as defined in the Declaration), and shall be entitled to cast two (2) votes for each vote that the Class A members are entitled to cast. The Class B membership shall cease and be converted to Class A membership on the happening of any of the following events, whichever occurs earlier:

(a) within three (3) months after Declarant conveys 90% of the Lots in all phases (including proposed phases) of THE SANCTUARY ON SPRUCE CREEK, or

(b) the date the Declarant (or its assignee) voluntarily relinquishes control of the Association to the Class A members, or

(c) on September 1, 2008.

ARTICLE VII
BOARD OF DIRECTORS

The affairs of this Association shall be managed by a Board of Directors composed of three (3) directors. Directors need not be members of the Association. The number of directors may be changed by amendment of the By-Laws of the Association. The names and addresses of the persons who are to act in the capacity of directors until the selection of their successors are:

<u>Name</u>	<u>Address</u>
Douglas R. Ross, Jr., President	1150 Pelican Bay Drive Daytona Beach, FL 32119
Ted Garn, Vice President	1150 Pelican Bay Drive Daytona Beach, FL 32119
Charlene B. Irland, Secretary/Treasurer	1150 Pelican Bay Drive Daytona Beach, FL 32119

All directors shall be appointed by Declarant until the Conversion Date, after which the directors shall be elected by a majority vote of the Class A members. The Conversion Date shall be defined as the earlier of the following to transpire:

(a) within three (3) months after the Declarant conveys 90% of the Lots in all phases of THE SANCTUARY ON SPRUCE CREEK to Class A members. A total of 310 Lots are proposed for all phases. In the event Declarant elects not to submit a future phase or to include more or fewer Lots in future phases, it may amend this section to reflect the revised number of total units anticipated, and such amendment shall not require the joinder or consent of any other person or entity.

(b) the date Declarant (or its assignee) voluntarily relinquishes control of the Association to the Class A members; or

(c) September 1, 2008.

At the first annual meeting after the Conversion Date, the members shall elect one (1) director for a term of one (1) year, one (1) director for a term of two (2) years and one (I) director for a term of three (3) years; and at each annual meeting thereafter the members shall elect a new director for a term of one (1) year.

ARTICLE VIII DISSOLUTION

The Association may be dissolved only with the assent given in writing and signed by not less than three-fourths (3/4) of the members. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted such similar purposes.

In the event of termination, dissolution or final liquidation of the Association, the responsibility for the operation and maintenance of the surface water or stormwater management system must be

transferred to and accepted by an entity which would comply with Section 40C-42.027, F.A.C., and be approved by the St. Johns River Water Management District prior to such termination, dissolution or liquidation.

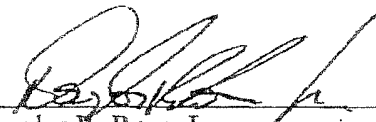
ARTICLE IX
DURATION

The corporation shall exist perpetually.

ARTICLE X
AMENDMENTS

Amendment of these Articles may be made provided such amendment does not conflict with the Declaration and shall require the assent of two-thirds (2/3) of the membership entitled to be cast.

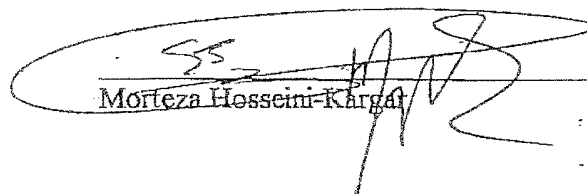
IN WITNESS WHEREOF, for the purpose of forming this corporation under the laws of the State of Florida, we, the undersigned, constituting the incorporator of this Association, have executed these Articles of Incorporation this 3rd day of August, 1995.



Douglas R. Ross, Jr.

**DESIGNATION AND
ACCEPTANCE OF REGISTERED AGENT**

Having been named as Registered Agent for the above stated Association, the undersigned hereby agrees to act in this capacity, and the undersigned further agrees to comply with the provisions of all statutes relative to the proper and complete performance of the undersigned's duties.



Morteza Hosseini-Kargaf

Dated: August 3, 1995



Book: 4035
Page: 843
Diane M. Matousek
Volusia County, Clerk of Court

FLORIDA DEPARTMENT OF STATE

August 4, 1995

Sandra B. Mortham
Secretary of State

CSC NETWORKS
1201 HAYS STREET
TALLAHASSEE, FL 32301

The Articles of Incorporation for THE SANCTUARY ON SPRUCE CREEK HOMEOWNERS ASSOCIATION, INC. were filed on August 4, 1995 and assigned document number N95000003724. Please refer to this number whenever corresponding with this office regarding the above corporation.

PLEASE NOTE: COMPLIANCE WITH THE FOLLOWING PROCEDURES IS ESSENTIAL TO MAINTAINING YOUR CORPORATE STATUS. FAILURE TO DO SO MAY RESULT IN DISSOLUTION OF YOUR CORPORATION.

A CORPORATION ANNUAL REPORT MUST BE FILED WITH THIS OFFICE BETWEEN JANUARY 1 AND MAY 1 OF EACH YEAR BEGINNING WITH THE CALENDAR YEAR FOLLOWING THE YEAR OF THE FILING DATE NOTED ABOVE AND EACH YEAR THEREAFTER. FAILURE TO FILE THE ANNUAL REPORT ON TIME MAY RESULT IN ADMINISTRATIVE DISSOLUTION OF YOUR CORPORATION.

A FEDERAL EMPLOYER IDENTIFICATION (FEI) NUMBER MUST BE SHOWN ON THE ANNUAL REPORT FORM PRIOR TO ITS FILING WITH THIS OFFICE. CONTACT THE INTERNAL REVENUE SERVICE TO INSURE THAT YOU RECEIVE THE FEI NUMBER IN TIME TO FILE THE ANNUAL REPORT. TO OBTAIN A FEI NUMBER, CONTACT THE IRS AT 1-800-829-3676 AND REQUEST FORM SS-4.

SHOULD YOUR CORPORATE MAILING ADDRESS CHANGE, YOU MUST NOTIFY THIS OFFICE IN WRITING, TO INSURE IMPORTANT MAILINGS SUCH AS THE ANNUAL REPORT NOTICES REACH YOU.

Should you have any questions regarding corporations, please contact this office at the address given below.

Brenda Baker, Corporate Specialist
New Filings Section

Letter Number: 595A00036740

CP2E042

Division of Corporations - P.O. BOX 6327 - Tallahassee, Florida 32314

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