

ARTICLES OF INCORPORATION
OF
COTTAGES AT WATERSIDE VILLAGE OWNERS ASSOCIATION, INC.

In compliance with the laws of the State of Florida, the undersigned do hereby voluntarily associate for the purpose of forming a corporation not-for-profit for the purposes and with powers set forth herein. All capitalized terms set forth herein, to the extent not defined herein, shall have the meanings set forth in the Declaration of Covenants, Conditions and Restrictions for Cottages at Waterside Village to be recorded in the public records of Bay County, Florida, as it may be modified and supplemented from time to time ("Declaration").

ARTICLE I - NAME

The name of the corporation is Cottages at Waterside Village Owners Association, Inc., hereinafter referred to as the "Waterside Association."

ARTICLE II - REGISTERED AGENT

The name and address of the Registered Agent of the Waterside Association is:

Derrick Bennett
Harrison, Rivard, Zimmerman & Bennett, Chtd.
101 Harrison Avenue
Panama City, Florida 32401

ARTICLE III - PRINCIPAL OFFICE

The principal office of the Waterside Association shall be located at 3306 U.S. Hwy. 98, Mexico Beach, Florida, 32410; but the Waterside Association may maintain offices and transact business in such places, within or without the State of Florida, as may from time to time be designated by the Executive Board.

ARTICLE IV - PURPOSE AND POWERS

The Waterside Association does not contemplate pecuniary gain or profit to its members ("Members"). The specific purposes for which it is formed are to operate as a corporation-not-for-profit pursuant to Chapter 617, Florida Statutes and to provide for the maintenance, preservation and use of those tracts of land described in the Declaration ("Property"), as such is supplemented from time to time, all for the mutual advantage and benefit of the Members of this Waterside Association, who shall be the owners of the Units at Waterside. For such purposes, the Waterside Association shall have and exercise the authority and powers to have and to exercise any and all powers, rights and privileges which a not for profit corporation organized under the laws of the State of Florida may now or hereafter have or exercise, and to perform all of the duties and obligations of the Waterside Association as set forth in the Declaration (which is incorporated herein by this reference as if set forth in detail), as the same may be amended from time to time as therein provided, as well as in the provisions of these Articles and the Bylaws.

All of the Waterside Association's assets and earnings shall be used exclusively for the purposes set forth herein and in accordance with Section 528 of the Internal Revenue Code of 1986, as amended ("Code"), and no part of the assets of this Waterside Association shall inure to the benefit of any individual Member or any other person. The Waterside Association may, however, reimburse its Members for actual expenses incurred for or on behalf of the Waterside Association, and may pay compensation in a reasonable amount to its Members for actual services rendered to the Waterside Association, as permitted by Section 528 of the Code, other applicable provisions of the Code, federal and state law. In addition, the Executive Board shall also have the right to exercise the powers and duties set forth in the Bylaws.

ARTICLE V - MEMBERSHIP

(1) Every person or entity who is record owner of a fee or undivided fee interest in any Unit or Parcel, including owners of the Developer, Cottages at Waterside Village, LLC, a Florida Limited Liability Company, ("Declarant") and contract sellers, shall be Members of the Waterside 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 Unit or Parcel that is subject to assessment by the Waterside Association.

(2) The transfer of the membership of any Unit shall be established by the recording in the public records of Bay County of a deed or other instrument establishing a transfer of record title to any Units for which membership has already been established and the payment of the Real Estate Transfer Assessment, in the manner more fully set forth in the Declaration. Upon such recordation and payment of the Real Estate Transfer Assessment, the membership interest of the transferor shall immediately terminate. Notwithstanding the foregoing, the Waterside Association shall not be obligated to recognize such a transfer of membership until such time as the Waterside Association receives a copy of the deed or other instrument establishing the transfer of ownership of the Unit and the payment of the Real Estate Transfer Assessment. It shall be the responsibility and obligation of the former and new owners of the Unit to provide such copy to the Waterside Association.

(3) The interest of a Member in the funds and assets of the Waterside Association cannot be assigned, hypothecated or transferred in any manner, except as an appurtenance to the Unit owned by such Member.

ARTICLE VI - VOTING RIGHTS

The association will have two classes of voting members, which are defined as follows:

Class A. Class A members will include all owners with the exception of the Declarant. Class A members will be entitled to one vote for each Unit owned. When more than one person holds an interest in any Unit all of those persons will be members. The vote for such Unit will be exercised as such members determine among themselves, but in no event will more than one vote be cast with respect to any Unit owned by Class A members.

Class B. The Class B member will be the Declarant. The Declarant will be entitled to ten votes for each lot owned. The Class B membership will cease and be converted to Class A membership as provided in the Declaration or by Florida law.

ARTICLE VII - EXECUTIVE BOARD

(1) The affairs of this Association shall be managed by an Executive Board, who shall be Members of the Association, provided, however, that until expiration of the Declarant Control Period, the Directors need not be Members of the Association. The names and address of the persons who are to act in the initial capacity of Directors until the selection and qualification of their successors are:

<u>Name</u>	<u>Address</u>
Rick Olson	4300 Legendary Drive Destin, FL 32541
Rupert Phillips	4300 Legendary Drive Destin, FL 32541
Shannon Howell	4300 Legendary Drive Destin, FL 32541

(2) Declarant Control Period.

(a) Subject to the terms and conditions of paragraph 2(b) below, but notwithstanding anything else to the contrary contained in the Declaration or in any other Waterside Association Document, Declarant shall have the exclusive right to appoint and remove all Officers and Directors during the Declaration Control Period. The term "Declarant Control Period" means the period commencing on the date on which Declarant forms the Waterside Association and ending on the date that is the earlier of (i) three months after ninety percent (90%) of the Units in Waterside that will ultimately be operated by the Waterside Association have been conveyed to owners, (ii) or 10 years after the date of recording of this Declaration. At the expiration of the Declarant Control Period (i) the Directors shall be elected in the manner set forth herein and the Bylaws.

(b) Declarant may voluntarily surrender its right to appoint and remove Officers and Directors prior to the expiration of the Declarant Control Period, but, in that event, Declarant may require, for the remainder of the Declarant Control Period, that specific actions of the Waterside Association or the Executive Board, as described in a recorded instrument executed by Declarant, be approved by the Declarant before they become effective.

(3) Number of Directors.

(a) The Executive Board shall consist of at least three Directors.

ARTICLE VIII - TERM OF EXISTENCE

This corporation shall have perpetual existence unless sooner dissolved in accordance with the provisions herein contained or in accordance with the laws of the State of Florida. The date on which corporate existence shall begin is the date on which these Articles of Incorporation are filed with the Secretary of State of the State of Florida.

ARTICLE IX - DISSOLUTION

The Waterside Association may be dissolved with the assent given in writing and signed by not less than eighty percent (80%) of the Members. Upon dissolution of the Waterside Association, other than incident to a merger or consolidation, the assets of the Waterside Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Waterside Association as created, or for the general welfare of the residents of the county in which the Property is located. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization to be devoted to similar purposes.

ARTICLE X - OFFICERS

Subject to the direction of the Executive Board, the affairs of this Waterside Association shall be administered by its officers, as designated in the Bylaws of this Waterside Association. Said officers shall be elected annually by the Executive Board. The names and addresses of the officers who shall serve until the first annual meeting of the Executive Board are:

<u>Name and Title</u>	<u>Address</u>
Shannon Howell President	4300 Legendary Drive Destin, FL 32541
Wade Howell Vice President	4300 Legendary Drive Destin, FL 32541
Kathleen Cano Treasurer	4300 Legendary Drive Destin, FL 32541
Lucy Kisela Secretary	4300 Legendary Drive Destin, FL 32541

ARTICLE XI - BYLAWS

The Bylaws of this Waterside Association shall be adopted by the first Executive Board, which Bylaws may be altered, amended, modified or appealed in the manner set forth in the Bylaws.

ARTICLE XII - AMENDMENTS

Until expiration of the Declarant Control Period, Declarant reserves the exclusive right to amend or repeal any of the provisions of these Articles of Incorporation or any amendments hereto without the consent of any owner, Member or institutional Mortgagee. Thereafter, the Waterside Association shall have the right to amend or repeal any of the provisions contained in these Articles or any amendments hereto, provided, however, that any such amendment shall require the written consent of owners of eighty percent (80%) of the votes of all Units or the approval of persons holding eighty percent of the votes at a duly noticed meeting at which a quorum is present in person or by proxy. Provided, further, that no amendment shall conflict with any provisions of the Declaration. After expiration of the Declarant Control Period, the consent of any institutional Mortgagees shall be required for any amendment to these Articles which impairs the rights, priorities, remedies or interest of such institutional Mortgagees, and such consent shall be obtained in accordance with the

terms and conditions, and subject to the time limitations, set forth in the Declaration. Amendments to these Articles need only be filed with the Secretary of State and do not need to be recorded in the public records of the County.

ARTICLE XIII - INDEMNIFICATION

This Waterside Association shall indemnify any and all of its directors, officers, employees or agents, or former directors permitted by law. Said indemnification shall include, but not be limited to, the expenses, including the cost of any judgments, fines, settlements and counsel's fees, actually and necessarily paid or incurred in connection with any action, suit or proceeding, whether civil, criminal, administrative or investigative, and any appeals thereof, to which any such person or his legal representative may be made a party or may be threatened to be made a party by reason of his being or having been a director, officer, employee or agent, as herein provided. The foregoing right of indemnification shall not be inclusive of any other rights to which any such person may be entitled as a matter of law or which he may be lawfully granted. It shall be the obligation of the Waterside Association to obtain and keep in force a policy of officers' and directors' liability insurance.

ARTICLE XIV - SUBSCRIBER

The name and address of the Subscriber of the corporation is:

Derrick Bennett
101 Harrison Avenue
Panama City, Florida, 32401

[Remainder of page left intentionally blank]

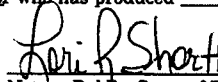
For the purpose of forming this Waterside Association under the laws of the State of Florida, the undersigned has executed these Articles of Incorporation this _____ day of _____, 2005.


Derrick Bennett

STATE OF FLORIDA

COUNTY OF BAY

The foregoing instrument was acknowledged before me this 29th day of September, 2005, by Derrick Bennett, who is personally known to me or who has produced _____ as identification.


Notary Public, State of Florida
Print Name: Lori R. Shortt
My Commission Expires: 11/15/2009
Commission Number: DD0453110



**CERTIFICATE OF DESIGNATION OF PLACE OF BUSINESS
OR DOMICILE FOR THE SERVICE OF PROCESS WITHIN FLORIDA,
NAMING AGENT UPON WHOM PROCESS MAY BE SERVED**

In compliance with Section 48.091, Florida Statutes, the following is submitted:

Cottages at Waterside Village Owners Association, Inc., desiring to organize or qualify under the laws of the State of Florida, with its principal place of business in Panama City Beach, County of Bay, State of Florida, has named Derrick Bennett, located at 101 Harrison Avenue, Panama City, Florida, 32401, as its agent to accept service of process within Florida.

Shannon Howell

Date: _____

9-29-05

Having been named to accept service of process for the above stated corporation, at the place designated in the certificate, I agree to act in this capacity and I further agree to comply with the provisions of all statutes relative to the proper and complete performance of my duties.

Derrick Bennett

Date: _____