

EXHIBIT "B"

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ARTICLES OF INCORPORATION OF PALOMA OWNERS ASSOCIATION, INC.

COPY

ARTICLE I NAME

The name of this corporation shall be PALOMA OWNERS ASSOCIATION, INC. For convenience, the corporation shall be referred to in these Articles of Incorporation as the "Association."

ARTICLE II DURATION

Existence of the Association shall commence with the filing of these Articles of Incorporation with the Secretary of State, State of Florida. The Association shall have perpetual existence.

ARTICLE III PURPOSE AND POWERS OF THE ASSOCIATION

The Association is organized for the purpose of enforcing, and fulfilling the objectives and purposes stated in, the Declaration of Covenants, Conditions, Easements and Restrictions For Paloma Subdivision ("Declaration") recorded in the Public Records of St. Johns County, Florida. Capitalized terms used herein without definition shall have the same meanings given to such terms in the Declaration. The Association shall have all the powers of a not for profit corporation organized under Chapter 617 of the laws of the State of Florida, subject, however, only to such limitations upon the exercise of such powers as are expressly set forth in these Articles of Incorporation, the Bylaws of the Association, the Declaration or the Association Act. The Association is formed pursuant to the terms and provisions of that certain Declaration of Easement Rights and Maintenance Covenants for the St. Augustine Centre DRI/PUD ("Master Declaration") and constitutes the Sub-Association for the Property. The Association shall have the power and obligation to do any and all lawful things which may be authorized, assigned, required or permitted to be done by the Declaration, these Articles of Incorporation and the Bylaws of the Association, including, but not limited to, (i) the ownership and maintenance of all Common Property, including the Surface Water Management System, (ii) the levy and collection of Assessments against Members of the Association, (iii) the assumption and carrying out of all duties, obligations and liabilities of the Sub-Association for the Property as required pursuant to the Master Declaration, and (iv) to do and perform any and all acts which may be necessary or proper for, or incidental to, the exercise of any of the duties or powers of the Association as specified in the Declaration. Unless otherwise specifically prohibited, any and all functions, duties and powers of the Association shall be fully transferable in whole or in part. Any instrument affecting such a transfer shall specify the duration thereof and the means of revocation. The Association is not formed for pecuniary profit and the Association shall not pay dividends, and no part of any income or assets of the Association shall be distributed to its Members, directors or officers.

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The purposes and powers of the Association shall also include, but not be limited to, representation of the Members of this Association before the Master Association, including, but not limited to, the exercise of all of the Members' rights as a "Member" of the Master Association. Pursuant to the Master Declaration, the Association shall have the exclusive authority and right to represent the "Owners" (under the Master Declaration) as to all matters that may be brought before the membership of the Master Association pursuant to the Master Declaration, the Master Association Articles of Incorporation and the Master Association Bylaws, including, but not limited to, the casting of all votes attributable to the Members as "Owners" (under the Master Declaration) of Subdivided Parcels under the Master Declaration. Exercise of the aforescribed authority and right to represent the Members before the Master Association shall be exercised by the Association pursuant to, and in compliance with, the provisions of Article VIII below.

ARTICLE IV
PRINCIPAL OFFICE

The initial principal office and mailing address of the Association is located at c/o St. Augustine Associates, Inc., 951 Market Promenade Avenue, Suite 2105, Lake Mary, Florida 32746.

ARTICLE V
REGISTERED OFFICE AND AGENT

St. Augustine Associates, Inc., 951 Market Promenade Avenue, Suite 2105, Lake Mary, Florida 32746, is hereby appointed the initial registered agent of the Association and the registered office shall be at said address.

ARTICLE VI
DISSOLUTION OF THE COMMUNITY ASSOCIATION

Upon dissolution of the Association, all of its assets remaining after provision for creditors and payment of all costs and expenses of such dissolution shall be distributed in the following manner:

6.1. Real property contributed to the Association without the receipt of other than nominal consideration by the Class B Member (or its predecessor in interest) shall be returned to the Class B Member (whether or not a Class B Member at the time of such dissolution), unless it refuses to accept the conveyance (in whole or in part).

6.2. Conveyance to a not for profit corporation homeowners' association similar to the Association or dedication to any applicable municipal or other governmental authority determined by the Board of Directors of the Association to be appropriate for such dedication, which authority is willing to accept such dedication, of any property and responsibilities of the Association, which association or governmental authority shall then be responsible for the operation and maintenance thereof. With respect to the Association's responsibility for the

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operation and maintenance of the Surface Water Management System, such obligation must be transferred to and accepted by an entity which satisfies the requirements of, and be approved by, the St. Johns River Water Management District prior to dissolution. If no other association or governmental authority will accept such property and responsibilities then it will be conveyed to a trustee appointed by the Circuit Court of St. Johns County, Florida, which trustee shall sell such property free and clear of the limitations imposed hereby upon terms established by the Circuit Court of St. Johns County, Florida. That portion of the property consisting of the Surface Water Management System cannot be altered, changed or sold separate from the lands associated therewith. The proceeds of such a sale shall first be used for the payment of any debts or obligations constituting a lien on such property, then for the payment of any obligations incurred by the trustee in the operation, maintenance, repair and upkeep of such property. The excess proceeds, if any, from the property shall be distributed among Members in a proportion that is equal to the proportionate share of such Members in the Common Expenses of the Association.

ARTICLE VII MEMBERSHIP

Every person or entity which qualifies as a Member of the Association in accordance with the Declaration shall be a Member of the Association, and such membership shall carry all rights, restrictions, benefits, interests and limitations granted pursuant to the Declaration, these Articles of Incorporation, the Bylaws of the Association, any rules and regulations promulgated by the Association, the Florida Not For Profit Corporation Act and the provisions of the Association Act.

ARTICLE VIII VOTING RIGHTS

A Member's right to vote shall vest immediately upon such Member's qualification for membership as provided in the Declaration and these Articles of Incorporation. All voting rights of a Member shall be exercised in accordance with and subject to the restrictions and limitations provided in the Declaration, these Articles of Incorporation, and the By-Laws of the Association. Unless elsewhere specifically provided to the contrary in the Declaration or these Articles of Incorporation, any provision of these Articles of Incorporation which requires the vote or approval of a majority or other specified fraction or percentage of the total voting power of the Association, shall be deemed satisfied by either of the following:

A. The vote in person or by proxy of the majority or other specified fraction or percentage of the total voting power of the Association at a meeting duly called and noticed pursuant to the provisions of the Bylaws of the Association dealing with annual or special meetings of the Members of the Association.

B. Written consents signed by the majority or other specified fraction or percentage of the total voting power of the Association.

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ARTICLE IX
BOARD OF DIRECTORS

The affairs of the Association shall be managed by a Board of Directors who shall be elected by the Members pursuant to the provisions of the Declaration and these Articles of Incorporation and following the procedures set forth in the Bylaws of the Association. The number of directors constituting the initial Board of Directors shall be three (3). The number of directors may be increased or decreased from time to time in accordance with the Bylaws, but shall never be less than three (3) nor more than seven (7), and shall always be an odd number (i.e., 3, 5, 7). Any increase or decrease in the number of directors shall require the affirmative vote of a majority of the voting interests of the Members at any Special Meeting of the Members called for the purpose of changing the number of directors of the Association. So long as there shall be a Class B Member, Directors need not be Members of the Association and need not be residents of the State of Florida; thereafter, all Directors, other than Director elected by the Declarant pursuant to Article III, Section 5 of the Declaration, shall be Class A Members of the Association and residents of the State of Florida. The term of office of the initial directors of the Association shall expire at the first meeting of Members at which directors are elected. The terms of office of all other directors will expire at the next annual meeting of Members following the election of such directors. Despite the expiration of a director's term, the director will continue to serve until a successor is elected and qualifies or until there is a decrease in the number of directors. Any director may be removed from office at any time, with or without cause, by the affirmative vote of a majority of the Members. The names and addresses of the persons who are to act in the capacity of initial directors until the election and qualification of their successors are:

<u>Name</u>	<u>Address</u>
Terry Lubinsky	St. Augustine Associates, Inc. 951 Market Promenade Avenue, Suite 2105 Lake Mary, Florida 32746
Spencer Phelps	St. Augustine Associates, Inc. 951 Market Promenade Avenue, Suite 2105 Lake Mary, Florida 32746
Jim Bartoe	St. Augustine Associates, Inc. 951 Market Promenade Avenue, Suite 2105 Lake Mary, Florida 32746

ARTICLE X
OFFICERS

The affairs of the Association shall be administered by the officers designated in the Bylaws. The officers shall be elected by the Board of Directors at its first meeting, and they shall serve at the pleasure of the Board of Directors.

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ARTICLE XI
AMENDMENT

These Articles of Incorporation may be changed, amended or modified, at any time and from time to time, by the Members, as and to the extent provided in, and pursuant to the procedures set forth in, the Declaration.

ARTICLE XII
INDEMNIFICATION

12.1. Every director and every officer of the Association and Representative to the Master Association shall be indemnified by the Association against all expenses and liabilities, including attorneys' and other professionals' fees, reasonably incurred by or imposed upon him in connection with any proceeding whether civil, criminal, administrative or investigative, or any settlement of any proceeding, or any appeal from such proceeding 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 Association or Representative to the Master Association, or having served at the Association's request as a director or officer of any other corporation, whether or not he so serves the Association at the time such expenses are incurred, regardless of by whom the proceeding is brought, except in relation to matters as to which any such director or officer or Representative to the Master Association shall be adjudged liable for gross negligence or willful misconduct, provided that in the event of a settlement, the indemnification shall apply only when the Board of Directors of the Association approves such settlement and reimbursement as being for the best interest of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such director or officer may be entitled.

12.2. Expenses incurred in defending a suit or proceeding whether civil, criminal, administrative or investigative may be paid by the Association in advance of the final disposition of such action, suit or proceeding if authorized by a majority of the directors upon receipt of an undertaking by or on behalf of the director or officer to repay such amount if it shall ultimately be determined that he is not to be indemnified by the Association as authorized by these Articles of Incorporation.

12.3. The Association shall have the power to purchase at its expense and maintain insurance on behalf of any person who is or was a director or officer of the Association or Representative to the Master Association, or is or was serving at the request of the Association as a director or officer of another corporation, against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability under the provisions of these Articles.

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