January 19, 2006

FLORIDA DEPARTMENT OF STATE
Division of Corporations

PALERMO PROPERTY OWNERS ASSOCIATION, INC.
4315 PABLO OAKS COURT
SUITE 5
JACKSONVILLE, FL 32224

The Articles of Incorporation for PALERMO PROPERTY OWNERS ASSOCIATION, INC. were filed on January 18, 2006, and assigned document number N06000000506. Please refer to this number whenever corresponding with this office.

This document was electronically received and filed under FAX audit number H06000014834.

A corporation annual report/uniform business report will be due this office between January 1 and May 1 of the year following the calendar year of the file/effective date. A Federal Employer Identification (FEI) number will be required before this report can be filed. Please apply NOW with the Internal Revenue Service by calling 1-800-829-3676 and requesting form SS-4 or by going to theirwebsite at www.irs.ustreas.gov.

Please be aware if the corporate address changes, it is the responsibility of the corporation to notify this office.

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

Sincerely,
Loria Poole
Document Specialist
New Filings Section
Division of Corporations

Letter Number: 706A00003899

ARTICLES OF INCORPORATION
OF
PALERMO PROPERTY OWNERS ASSOCIATION, INC.
A Florida Corporation Not-For-Profit

The undersigned resident of the State of Florida, for the purpose of forming a corporation not for profit under Chapter 617 of the laws of the State of Florida, hereby certifies:

ARTICLE I

Name

The name of this corporation is Palermo Property Owners Association, Inc. (the "Association").

ARTICLE II

Office and Registered Agent

The Association principal office is located at 4315 Pablo Oaks Court, Suite 5, Jacksonville, Florida 32224, who maintains a business office at 4315 Pablo Oaks Court, Suite 5, Jacksonville, Florida, 32224, is hereby appointed the initial registered agent of the Association. Both the Association's registered office and registered agent may be changed from time to time as provided by law.

ARTICLE III

Purpose and Powers of the Association

The Association does not contemplate pecuniary gain or profit to its members. It is formed to promote the health, safety, and general welfare of the residents within all or any portion of that tract of land located in Duval County, Florida, which is described in and made subject to the provisions of those certain proposed Declaration of Covenants and Restrictions for Palermo recorded or to be recorded in the Public Records of Duval County, Florida, as amended from time to time (the "Declaration") and any additions to such lands as hereafter may be brought within the Association's jurisdiction in the manner provided in the Declaration. Without limitation, the general nature, objects and purposes of the Association is to:

(a) Declaration Powers: Exercise all rights, powers, and privileges, and perform all duties of the Association from time to time set forth in the Declaration, including the right to enforce all of the provisions of the Declaration pertaining to the Association in its own name, including without limitation, enforcement of the provisions relating to the operation and maintenance of the Surface Water or Stormwater Management System.

(b) Property: Own, hold, improve, operate, maintain, sell, lease, transfer, and otherwise dispose of property of any nature whatsoever, real, personal, or mixed, tangible or intangible, in connection with this Association's affairs.

(c) Assessments: Adopt budgets and levy, collect, and enforce by any lawful procedure all charges or assessments established by, or pursuant to, the Declaration including assessment of fees for the costs of operation and maintenance of the Surface Water or Stormwater Management System and assessments for services or materials for the benefit of Owners or the Property for which the Association has contracted with third party providers.

(d) Costs: Use the proceeds collected from assessment to pay all costs, expenses, and obligations lawfully incurred in connection with the Association's affairs including, without limitation, all licenses, taxes, or other governmental charges levied or imposed against the Association property.

(e) Maintenance: Maintain, manage, repair, replace and operate all the Common Areas and Common Maintenance Areas, including but not limited to portions of the street right-of-ways, and the Surface Water or Stormwater Management System and all associated facilities. The Association shall operate, maintain and manage the Surface Water or Stormwater Management System in a manner consistent with the provisions and requirements set forth in the Declaration that relate to the maintenance of the Surface Water or Stormwater Management System.

(f) Reconstruction: Reconstruct improvements after casualty and construct further improvements to the Common Areas.

(g) Borrowings: Borrow money, mortgage, pledge, hypothecate, assign, grant security interests in, or otherwise transfer any or all of its property as security for money borrowed, debts incurred, or any of its other obligations.

(h) Reorganizations: Participate in mergers and consolidations with other nonprofit corporations organized for similar purposes.

(i) Regulations: From time to time adopt, amend, rescind, and enforce reasonable rules and regulations governing the use of the Lots and the Common Areas consistent with the rights and duties established by the Declaration.

(j) Contract: Contract with others for performance of the Association's management and maintenance responsibilities under the Declaration and for the furnishing of services or materials for the benefit of the Owners or the Property consistent with the provisions of the Declaration, including without limitation, contracting for utility telecommunications, internet, and security services.

(k) General: Have and exercise all rights, powers, and privileges that a corporation not for profit may now or hereafter have or exercise under the laws of the State of Florida, together with all other rights, powers, and privileges reasonably to be implied from the existence of any right, power, or privilege so granted, or

granted by the Declaration, or these Articles, or reasonably necessary, convenient, or desirable to exercise any right, power, or privilege so granted.

ARTICLE IV

Membership

Section 1. Lot Owner. Every person who from time to time holds the record fee simple title, or any undivided fee simple interest of record, to any Lot is a member of this Association, including contract sellers, but excluding all persons who hold an interest in any Lot merely as security for the performance of an obligation. An Owner of more than one Lot is entitled to one membership for each Lot owned. Membership is appurtenant to, and may not be separated from, ownership of at least one Lot. Membership may not be transferred except by transfer of record title to such Lot.

ARTICLE V

Voting Rights

Section 1. Classification. This Association has two classes of voting membership:

CLASS A. So long as there is Class B membership, Class A members are all Owners, except Developer. Class A members are entitled to one vote for each Lot owned. Upon termination of Class B membership, Class A members will be all Owners, including Developer so long as Developer is an Owner.

CLASS B. The Class B member is Developer, who is entitled to three (3) votes for each Lot owned by Developer within the Property described in the Declaration. The Class B membership will cease and convert automatically to Class A membership on the first to occur of the following events: (i) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; (ii) three months after ninety (90) percent of the Lots in all phases of the Property that will ultimately be operated by the Association have been conveyed to members other than the Developer; or (iii) the effective date of the Developer's written waiver of the Class B membership rights. Upon the conversion of Class B membership, all provisions of the Declaration, these Articles, and the By-Laws referring to classes of membership will be of no further force and effect. For purposes of these Articles, the term members other than the Developer shall not include builders, contractors, or others who purchase a Lot for the purpose of constructing improvements thereon for resale.

Upon any of the above events occurring, the Class A members shall be obligated to elect the Board of Directors and assume control of the Association. The Developer is entitled to elect at least one member of the Board of Directors of the Association as long as the Developer holds for sale in the ordinary course of business at least five (5) percent of the Lots in all phases of the Property. Provided, however, the Class B membership shall be automatically reinstated at any time before the expiration of ten (10) years from the recording date of the Declaration if additional Lots owned by

the Class B member are annexed into the Association as permitted by the Declaration in sufficient numbers to restore a ratio of at least one (1) Class B Lot to three (3) Class A Lots in the overall area subject to the Declaration.

Section 2. Co-Ownership. If more than one Person owns a record fee simple interest in any Lot, all such Persons are members, although there is only one vote for such Lot and no fractional votes are permitted. The vote may be exercised as the Owners determine among themselves, but no split vote is permitted. Before any meeting at which a vote is to be taken, each co-owner must file the name of the authorized voting co-owner with the Secretary of the Association to be entitled to vote at such meeting, unless such co-owners have filed a general voting authority with the Secretary applicable to all votes until rescinded. Notwithstanding the foregoing, if title to any Lot is held by husband and wife, either co-owner is entitled to cast the vote for such Lot unless the Association is notified otherwise in writing.

ARTICLE VI

Board of Directors

Section 1. Management. This Association's affairs are managed by a Board of Directors initially composed of three Directors, who need not be Association members. The number of Directors from time to time may be changed from a minimum of three to a maximum of nine, but at all times it must be an odd number. The term of office for all Directors is one year, and any Director may succeed himself in office.

Section 2. Election. All Directors are elected by written ballot at the annual meeting. Each Member entitled to vote may cast as many votes for each vacancy as such member has under the provisions of Article V of these Articles and the person receiving the largest number of votes cast by the Class A and Class B members for each vacancy is elected. Cumulative voting is not permitted.

Section 3. Initial Directors. The names and addresses of the persons who will serve as Directors until their successors have been duly elected and qualify, unless they sooner die, resign, are removed, or are incapacitated or otherwise unable to serve, are:

Spencer T. Calvert
4315 Pablo Oaks Court, Suite 5
Jacksonville, Florida 32224

William J. Ash, III
4315 Pablo Oaks Court, Suite 5
Jacksonville, Florida 32224

Paulette E. Ash
4315 Pablo Oaks Court, Suite 5
Jacksonville, Florida 32224

ARTICLE VII

Officers

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

The names and addresses of the officers who shall serve until their successors are designated by the Board of Directors are as follows:

Names and Addresses:

Spencer T. Calvert – President
4315 Pablo Oaks Court, Suite 5
Jacksonville, Florida 32224

William J. Ash, III – Vice President
4315 Pablo Oaks Court, Suite 5
Jacksonville, Florida 32224

Paulette E. Ash – Secretary/Treasurer
4315 Pablo Oaks Court, Suite 5
Jacksonville, Florida 32224

ARTICLE VIII

Existence and Duration

Existence of the Association shall commence with the filing of these Articles of Incorporation with the Secretary of State, Tallahassee, Florida. This Association exists perpetually. In the event of termination, dissolution or 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

Bylaws

The Association's Bylaws initially will be adopted by the Board of Directors and may be amended by the Association's Board or Directors as provided in the Bylaws.

ARTICLE X

Amendments

Section 1. Developer. For so long as the Developer has the right to elect a majority of the Board of Directors, the Developer shall have the right without the joinder or consent of any Owner, the Association, the holder of any mortgage, lien or other encumbrance affecting any portion of the Property, or any other Person to amend these Articles: or any governmental permit or approval applicable to the Property.

Section 2. Other Amendments. Other amendments to these Articles may be proposed and adopted in the manner from time to time provided by the laws of the State of Florida, except that each such amendment must have the approval of a majority of the Members, and the written approval of Developer.

ARTICLE XI

Other Approvals

As provided in the Declaration, for so long as Developer owns and holds any Lots, the written approval of the Developer is required for the merger, consolidation, or dissolution of this Association.

ARTICLE XII

Voting Requirements

Section 1. Percentage Requirements. Unless any provision of these Articles, the Declaration or the Bylaws expressly requires the approval of both classes of the membership or of the Developer or any other Person, the majority vote of those members present and voting at a duly called and convened meeting shall constitute the act of the membership. If any provision of these Articles, the Declaration, or the Bylaws expressly requires the approval of both classes of membership, and in the absence of an express provision requiring a specified percentage of the total votes eligible to be cast by either or both classes of membership, the majority vote of those members of each class present and voting at a meeting duly called and convened is sufficient to constitute the - act of that class.

Section 2. Two-Thirds of Class. Any of the following constitute extraordinary actions that must be approved by two-thirds (2/3) of each class of members and by Developer for so long as Developer is a member of the Association: (i) any dissolution of this Association.

Section 3. Two-Thirds of Those Present. Any of the following constitute extraordinary actions that require the approval of two-thirds (2/3) of the Class A members present in person or by proxy and of Developer for so long as Developer is a

member of the Association: (i) any extension of the Declaration to additional lands except as provided for in the Declaration.

Section 4. Notice, Proxies, and Quorum Requirements. Written notice of all meetings of the membership must be given to all Owners not less than 14 days nor more than 45 days in advance of such meeting. The presence of members or proxies entitled to cast at least thirty percent (30%) of the votes of each class, if such action must be approved by both classes, or of the Class A members, if such action must be approved only by Class A members, shall constitute a quorum. If the required quorum is not forthcoming, the members present shall have the power to adjourn the meeting, from time to time without notice other than announcement at the meeting, until the required quorum shall be present or represented. Proxies must be registered with the Secretary of the Association prior to members meetings. To be valid, a proxy must be dated, must state the date, time and place of meeting for which it was given, and must be signed by the authorized person who executed the proxy. A proxy is effective only for the specific meeting for which it was originally given, as the meeting may lawfully be adjourned and reconvened from time to time, and automatically expires ninety (90) days after the date of the meeting for which it was originally given. A proxy is revocable at any time at the pleasure of the person who executes it. No Owner may hold more than five (5) proxies.

Section 5. Written Action. Any action that may be taken at any membership meeting, including any extraordinary action enumerated in this Article, may be taken in the absence of a quorum, or without a meeting, without prior notice, and without a vote if: (i) written consent, setting forth the action so taken, is signed by those Owners entitled to exercise not less than the minimum number of votes necessary to authorize or take such action at a meeting; and (ii) within 10 days after obtaining such written consent, notice thereof is given to those members who have not so consented in writing.

Section 6. Certificate. An instrument signed by any executive officer of this Association and attested by the Association Secretary under the Association's seal, is conclusive that any required approval has been obtained in the manner provided in these Articles as to Persons without actual knowledge to the contrary.

ARTICLE XIII

Interpretation

Reference is made to the terms and provisions of the Declaration where necessary to interpret, construe, and clarify the provisions of these Articles. All terms defined in the Declaration have the same meaning where used in these Articles, and the rules of interpretation set forth in the Declaration apply to the interpretation, construction, application, and enforcement of these Articles. By subscribing and filing these Articles, the incorporator intends their provisions to be consistent with the provisions of the Declaration and to be interpreted, construed, applied, and enforced with those of the Declaration to avoid inconsistencies or conflicting results. The Declaration shall control in the event of a conflict with these Articles.

ARTICLE XIV

Incorporator

The name and address of the incorporator of this corporation is:

Spencer T. Calvert
4315 Pablo Oaks Court, Suite 5
Jacksonville, Florida 32224

IN WITNESS WHEREOF, the Incorporator has hereto set his hand and seal this 18th day of January, 2006.

Signed, sealed and delivered
in the presence of:

Print Name: William J. Ash III

Spencer T. Calvert
Incorporator

Print Name: Marielis Rodriguez

STATE OF FLORIDA

COUNTY OF DUVAL

The foregoing instrument was acknowledged before me this ___ day of January, 2006, by Spencer T. Calvert, the Incorporator of PALERMO PROPERTY OWNERS ASSOCIATION, INC., a Florida not-for-profit corporation, on behalf of the corporation.

Print Name: Kristine Hannah

NOTARY PUBLIC
State of Florida at Large
Commission # DD327907
My Commission Expires: _____
Personally Known [✓] or
Produced ID [ ]

Type of Identification Produced:

_____

Kristine E. Hannah
MY COMMISSION # DD327907
Expires: June 10, 2008

CERTIFICATE DESIGNATING PLACE OF BUSINESS OR DOMICILE FOR THE SERVICE OF PROCESS WITHIN THE STATE OF FLORIDA AND NAMING THE REGISTERED AGENT UPON WHOM PROCESS MAY BE SERVED

PALERMO OWNERS ASSOCIATION, INC., desiring to organize under the laws of the State of Florida as a corporation not for profit with its principal place of business at 4315 Pablo Oaks Court, Suite 5, Jacksonville, Florida 32224, has named Spencer T. Calvert, whose business office is 4315 Pablo Oaks Court, Suite 5, Jacksonville, Florida, 32224 as its Registered Agent to accept service of process within this state, all in accordance with Section 607.034, Florida Statutes.

PALERMO PROPERTY OWNERS ASSOCIATION, INC.

By: _____
Spencer T. Calvert
Incorporator
Dated: January 18th, 2006

ACCEPTANCE

Having been named to accept service of process for the foregoing corporation, at the place designated in this certificate, and being familiar with the obligations of such position, I hereby agree to act in such capacity and agree to comply with the provisions of the laws of the State of Florida, relative to maintaining such registered office.

By: _____
Spencer T. Calvert
Registered Agent
Dated: January 18th, 2006