

P R O S P E C T U S

FOR

WATERSIDE AT ADMIRAL'S COVE, A CONDOMINIUM

located adjacent to Eagle Drive  
and Eagle Lane

Jupiter, Florida 33477

1. THIS PROSPECTUS CONTAINS IMPORTANT MATTERS TO BE CONSIDERED IN ACQUIRING A CONDOMINIUM UNIT.
2. THE STATEMENTS CONTAINED HEREIN ARE ONLY SUMMARY IN NATURE. A PROSPECTIVE PURCHASER SHOULD REFER TO ALL REFERENCES, ALL EXHIBITS HERETO, THE CONTRACT DOCUMENTS AND SALES MATERIALS.
3. ORAL REPRESENTATIONS CANNOT BE RELIED UPON AS CORRECTLY STATING THE REPRESENTATIONS OF THE DEVELOPER. REFER TO THIS PROSPECTUS AND ITS EXHIBITS FOR CORRECT REPRESENTATIONS.

CONDOMINIUM UNIT IN WATERSIDE AT ADMIRAL'S COVE, A CONDOMINIUM.

Admiral's Cove Associates, Ltd., a Florida limited partnership (the "Developer"), directs your attention to the following statements, all of which are important matters to be considered in acquiring a condominium unit (a "Unit") in Waterside at Admiral's Cove, a Condominium (hereinafter referred to as "Waterside at Admiral's Cove" or the "Condominium"):

1. WATERSIDE AT ADMIRAL'S COVE IS BEING CREATED AND SOLD ON FEE SIMPLE INTERESTS. There is no land lease or recreation lease associated with the Condominium.
2. THIS IS A PHASE CONDOMINIUM. ADDITIONAL LAND AND UNITS MAY BE ADDED TO THIS CONDOMINIUM. Please refer to Sections 2.1 and 2.2(a) of the Prospectus where the phasing of the Condominium is set forth in detail.
3. UNIT OWNERS ARE REQUIRED AS A CONDITION OF UNIT OWNERSHIP TO BE MEMBERS OF ADMIRAL'S COVE MASTER PROPERTY OWNERS ASSOCIATION, INC. (THE "PROPERTY OWNERS ASSOCIATION"), WHICH ENTITY HAS CERTAIN RESPONSIBILITIES WITH RESPECT TO THE ENTIRE ADMIRAL'S COVE DEVELOPMENT OF WHICH WATERSIDE AT ADMIRAL'S COVE IS A PART, INCLUDING, BUT NOT LIMITED TO, THE RESPONSIBILITY FOR MAINTENANCE OF ROADS, BRIDGES, BULKHEADING, REVETMENTS, STREET LIGHTING, FENCING, GATES AND WALLS, MEDIAN STRIPS, LAKES AND CANALS, STORMWATER DRAINAGE SYSTEM, AND THE DREDGING OF SALTWATER WATERWAYS, AND THE RESPONSIBILITY FOR PROVIDING SECURITY FOR THOSE PORTIONS OF THE ADMIRAL'S COVE TRACT CONTROLLED OR MAINTAINED BY THE PROPERTY OWNERS ASSOCIATION. UNIT OWNERS ARE REQUIRED, AS A MANDATORY CONDITION OF UNIT OWNERSHIP, TO PAY A SHARE OF THE COSTS AND EXPENSES INCURRED BY THE PROPERTY OWNERS ASSOCIATION IN THE PERFORMANCE OF ITS RESPONSIBILITIES. Please refer to Sections 3.1 and 3.2 of the Prospectus in which the responsibilities of the Property Owners Association and the estimated costs and expenses to be incurred by the Property Owners Association are thoroughly described.
4. THERE IS A LIEN OR LIEN RIGHT AGAINST EACH UNIT TO SECURE THE PAYMENT OF ASSESSMENTS IMPOSED BY THE PROPERTY OWNERS ASSOCIATION FOR THE COSTS AND EXPENSES INCURRED BY THE PROPERTY OWNERS ASSOCIATION IN THE PERFORMANCE OF ITS RESPONSIBILITIES. THE UNIT OWNER'S FAILURE TO MAKE THESE PAYMENTS MAY RESULT IN FORECLOSURE OF THE LIEN. Please refer to Section 3.2 of the Prospectus where the lien right of the Property Owners Association is more thoroughly described.
5. CERTAIN OF THE FACILITIES MAINTAINED BY THE PROPERTY OWNERS ASSOCIATION MAY BE EXPANDED OR ADDED TO WITHOUT THE CONSENT OF THE UNIT OWNERS OR OF WATERSIDE AT ADMIRAL'S COVE CONDOMINIUM ASSOCIATION, INC. ("CONDOMINIUM ASSOCIATION"). Please refer to Section 3.1 of the Prospectus for an explanation of such right of expansion.
6. ADMIRAL'S COVE MANAGEMENT CO., INC., AN ENTITY CONTROLLED BY THE DEVELOPER, WILL ENTER INTO CONTRACTS FOR THE MANAGEMENT OF WATERSIDE AT ADMIRAL'S COVE AND FOR THE MANAGEMENT OF THE PROPERTY OWNERS ASSOCIATION. Please refer to Sections 2.1(d) and 3.4 of the Prospectus where said management contracts are more thoroughly described.

7. THE DEVELOPER HAS THE RIGHT TO RETAIN CONTROL OF THE CONDOMINIUM ASSOCIATION AND THE PROPERTY OWNERS ASSOCIATION AFTER A MAJORITY OF THE UNITS HAVE BEEN SOLD. Please refer to Sections 2.1 and 3.3 of the Prospectus where such rights of control are more thoroughly described.
8. THE SALE, LEASE OR TRANSFER OF UNITS IN WATERSIDE AT ADMIRAL'S COVE IS RESTRICTED OR CONTROLLED. Please refer to Section 2.3 of the Prospectus where these restrictions are more thoroughly described.
9. THE CLUB AT ADMIRAL'S COVE IS PRESENTLY OWNED BY DEVELOPER, AND PURCHASERS OF UNITS IN WATERSIDE AT ADMIRAL'S COVE DO NOT AUTOMATICALLY ACQUIRE MEMBERSHIP IN OR RIGHTS TO BECOME MEMBERS OF THE CLUB AT ADMIRAL'S COVE. Please refer to Section V of the Prospectus which more thoroughly describes the requirements for and limitations on membership in The Club at Admiral's Cove.
10. DEVELOPER MAY ACQUIRE AND DEVELOP A BEACH CLUB IN JUNO BEACH, FLORIDA. PURCHASERS OF UNITS IN WATERSIDE AT ADMIRAL'S COVE DO NOT AND WILL NOT AUTOMATICALLY ACQUIRE MEMBERSHIP IN OR RIGHTS TO BECOME MEMBERS OF THE BEACH CLUB. Please refer to Section VI of the Prospectus which describes the Beach Club at Juno Beach.

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## Section I      Introduction

### 1.1    About This Prospectus

Admiral's Cove Associates, Ltd., a limited partnership formed pursuant to the Florida Uniform Limited Partnership Act (hereinafter the "Developer"), has prepared this Prospectus concerning Waterside at Admiral's Cove, a Condominium (hereinafter "Waterside at Admiral's Cove" or the "Condominium"), in accordance with the requirements of Chapter 718 of the Florida Statutes (the "Condominium Act"). Developer seeks to provide hereby all pertinent information and disclosures required by the Condominium Act, with the order of presentation of the materials arranged in such manner so as to facilitate reading and understanding. Developer urges each prospective purchaser of a condominium unit ("Unit") in Waterside at Admiral's Cove to read this Prospectus and the exhibits hereto carefully and to seek legal advice if any portion hereof is not completely understood. In addition, the Developer advises all prospective purchasers that Developer has not authorized any of its employees or agents to make any oral representations to or agreements with prospective purchasers.

### 1.2    About the Developer

Admiral's Cove Associates, Ltd., a Florida limited partnership, is the developer of Waterside at Admiral's Cove. Admiral's Cove Associates, Ltd. was the developer of Captain's Way at Admiral's Cove, a Condominium, Spyglass at Admiral's Cove, a Condominium and fifty-one (51) single family homes constructed on single family lot nos. 185 through 235, inclusive, at Admiral's Cove. B.L.W. Enterprises, a Florida general partnership, and Muben Realty Company, a New Jersey corporation, are general partners of Developer.

B.L.W. Enterprises is affiliated with Frankel Enterprises, of Philadelphia, Pennsylvania, and Palm Beach, Florida. Frankel Enterprises is a real estate development firm which has been in the business of developing multi-family housing and other major real estate projects (including, among many others, the Warwick Hotel and 1845 Walnut Street office building, both in Philadelphia, Pennsylvania) for over forty (40) years. Muben Realty Company is a real estate development subsidiary of The Mutual Benefit Life Insurance Company of Newark, New Jersey.

The most recent residential projects developed by Frankel Enterprises and Muben Realty Company in the South Florida area are Hunters Run, a residential community in Palm Beach County, Florida, where over one thousand four hundred twenty (1,420) dwelling units have been completed to date, and Boca Lago, another residential community in Palm Beach County, Florida, which is completed and contains approximately one thousand seven hundred (1,700) dwelling units.

Mr. Benjamin Frankel is the chief executive of the Developer. Mr. Frankel has over thirty (30) years of experience in the field of major real estate development. Over the past fifteen (15) years, in addition to directing the Boca Lago and Hunters Run developments, Mr. Frankel has, on behalf of Frankel Enterprises, been active in the field of cooperative housing,

and has been in charge of development of William Penn House and Kennedy House in Philadelphia, Pennsylvania, Coventry House in Melrose Park, Pennsylvania, and the Trianon in Bala Cynwyd, Pennsylvania, all of which are cooperatives.

### 1.3 A Description of Admiral's Cove

Waterside at Admiral's Cove is part of a Planned Unit Development located on a property containing approximately seven hundred twenty-seven (727) acres in area which has been named "Admiral's Cove" by Developer and is located in the Town of Jupiter, Palm Beach County, Florida (the "Admiral's Cove Parcel"). Approximately two hundred six (206) of the seven hundred twenty-seven (727) acres of Admiral's Cove consists of a series of saltwater waterways which are connected to the Intracoastal Waterway. Admiral's Cove is approximately bounded on the East by the Intracoastal Waterway, on the West by Alternate A1A (State Route 811), on the South by Frederick Small Road, and on the North by a development known as Jonathan's Landing. While located within the Admiral's Cove Parcel, Waterside at Admiral's Cove is a separate condominium community, unrelated in operation to the balance of the Admiral's Cove Parcel except as tied to the Admiral's Cove Parcel through the Admiral's Cove Master Property Owners Association, Inc., an entity formed to administer the Master Declaration of Covenants, Restrictions and Easements for Admiral's Cove. (See Section 3.1 of this Prospectus.) The purpose of this Section 1.3 is to provide a general description of the Admiral's Cove Parcel so as to facilitate complete understanding of the relationship between the Admiral's Cove Parcel and Waterside at Admiral's Cove.

The City Council of the City of Jupiter has approved the Admiral's Cove Parcel for development as a Planned Unit Development. The approved plan of development for the Admiral's Cove Parcel is reflected on the plats therefor recorded in Plat Book 54, pages 141 through 151, inclusive, Public Records of Palm Beach County, Florida, as amended by that certain Record Plat of Admiral's Cove Plat 2 recorded in Plat Book 57, pages 158 through 160, inclusive, Public Records of Palm Beach County, Florida and by that certain Record Plat of Admiral's Cove Plat 3 recorded in Plat Book 61, page 83, Public Records of Palm Beach County, Florida. (said plats, as amended, being hereinafter collectively referred to as the "Plat of Admiral's Cove").

As presently zoned, there may be developed on the Admiral's Cove Parcel up to a maximum of one thousand five hundred (1,500) residential dwelling units, disbursed over approximately seven hundred twenty-seven (727) acres. The Developer is not obligated to build any additional residential units other than the residential units which will comprise Waterside at Admiral's Cove. The Developer has already constructed on the Admiral's Cove Parcel:

(i) one hundred sixteen (116) dwelling units on Housing Parcel D (as shown on the Plat of Admiral's Cove) which units comprise a separate condominium known as "Captain's Way at Admiral's Cove";

(ii) fifty-one (51) fee simple dwelling units on Single Family Lot Nos. 185 through 235, inclusive (as shown on the Plat of Admiral's Cove), which units are part of a separate property owners association known as "Admiral's Cove Single Family Homeowners Association, Inc."; and

(iii) thirty-six (36) dwelling units on a portion of Housing Parcel C (as shown on the Plat of Admiral's Cove) which units comprise a separate condominium known as "Spyglass at Admiral's Cove".

Moreover, Developer is in the process of constructing thirty-four (34) single family dwelling units on Housing Parcel B (as shown on the Plat of Admiral's Cove).

In addition, Developer may, at its discretion, construct an additional ten (10) dwelling units on a portion of Housing Parcel D which has not yet been developed (as shown on the Plat of Admiral's Cove) which units may, at Developer's discretion, comprise the remaining portion of "Captain's Way at Admiral's Cove", or otherwise improve such portion of Parcel D.

As presently zoned, the remaining acreage of the Admiral's Cove Parcel may be developed as follows:

(i) an eighteen (18) hole golf course and other recreational facilities;

(ii) a clubhouse with a swimming pool and dining and health facilities;

(iii) a marina and docking facilities; and

(iv) service and/or accessory retail shops (which will be located in the area of the clubhouse facility).

Construction of the eighteen (18) hole golf course has been completed and is available for play, along with fourteen (14) "Fast-Dri" tennis courts, the tennis clubhouse, the harbourmaster's building with accompanying restroom facilities, three (3) visitor wet slips, and the major clubhouse facility including the swimming pool. The aforesaid golf course, club, marina and clubhouse shops (including the tennis courts, swimming pool and clubhouse facilities situate thereon) are owned by the Developer and are known as The Club at Admiral's Cove (such property and facilities being hereinafter collectively referred to as the "Golf Course Property"). (See Section V of this Prospectus for a complete description of the limited rights of residents of Admiral's Cove to become members of The Club at Admiral's Cove.) It is emphasized that The Club at Admiral's Cove is a separate, independent club owned exclusively by Developer and that purchasers of Units in Waterside at Admiral's Cove do not automatically acquire membership in or rights to become members of The Club at Admiral's Cove. There is also a Marina constructed on the Admiral's Cove Parcel with approximately fifty-seven (57) slips for the docking of boats. The Marina is owned and regulated by Developer and is not part of any condominium.

There are no limitations placed upon Developer by the Plat of Admiral's Cove as to the nature of the development of the various housing tracts at Admiral's Cove, except for requirements of residential use, number of Units and conformity to building codes. A housing tract may, therefore, be developed (singularly or in combination) with single family houses or multi-family buildings, with one level or multiple stories, for individual ownership or rental housing, or as a cooperative, condominium or other form of ownership. As previously indicated, portions of Housing Parcel C and Housing Parcel D are being developed on a condominium basis. Waterside at Admiral's Cove will be constructed on a portion of Housing Parcel E (as shown on the Plat of Admiral's Cove) and will be organized on a condominium basis pursuant to the Florida Condominium Act.

The Developer has sought to structure the real property interests of Admiral's Cove in a manner designed to permit the ownership and operation of (a) the housing parcels, whether owned individually, as a cooperative, condominium or other form of ownership, (b) The Club at Admiral's Cove and (c) the proposed Beach Club, to be independent. The only exception to this scheme of separatism has been dictated by, (i) the desire to provide security for the property owned by Admiral's Cove Master Property Owners Association, Inc., and (ii) the necessity of granting common use and enjoyment of, and common burden of maintenance, repair and replacement of, a limited number of facilities which will be used in common by all residents and owners of the Admiral's Cove Parcel, consisting primarily of roads, bridges, bulk-heading, revetments, street lighting, fencing, gates and walls, median strips, saltwater waterways, lakes and canals, and the stormwater drainage system for the Admiral's Cove Parcel. These functions and facilities are to be administered by the Admiral's Cove Master Property Owners Association, Inc. pursuant to the Master Declaration of Covenants, Restrictions and Easements for Admiral's Cove, all of which is more fully described in Section III of this Prospectus.

The main entrance to Admiral's Cove is from Alternate 1A (State Route 811). An additional entrance to Admiral's Cove from Frederick Small Road may be constructed if Developer deems the same to be desirable or if the Town of Jupiter requires that such entrance be constructed. No additional entrances to Admiral's Cove are planned by Developer at this time, but Developer reserves the right to construct additional entrances if Developer deems the same to be desirable.

In addition to the Admiral's Cove Parcel, Developer also owns a two hundred forty-eight (248) acre tract of ground (the "West Tract") which is located immediately to the west of the Admiral's Cove Parcel on the west side of Alternate 1A. The West Tract has been annexed to and is presently situated in the Town of Jupiter. Developer has completed construction of a golf course containing twenty-seven (27) holes on the West Tract, which holes have been planted and are expected to be open for play during the Spring of 1989. In addition, Developer anticipates that it may construct housing and related recreational facilities on the West Tract, subject to Developer's obtaining the necessary zoning and other approvals.

The Developer emphasizes that it does not intend by this Prospectus to limit in any way (nor shall anything in this Prospectus be construed or operate to so limit in any way) Developer's right to seek such amendments to or modifications of the Plat of Admiral's Cove and/or the approved plan for the development of the Admiral's Cove Parcel, except to the extent that Developer limits such rights as to a portion of Housing Parcel E by virtue of the creation of Waterside at Admiral's Cove pursuant to the Condominium Act. Further, nothing contained in this Prospectus is intended to require (nor shall anything in this Prospectus be construed or operate to so require) Developer to proceed with any development of any portion of the Admiral's Cove Parcel, other than Waterside at Admiral's Cove. Developer specifically reserves the right to assign, sell, lease, transfer, give, grant or convey (at any time and from time to time as Developer shall determine) any portion of the Admiral's Cove Parcel which Developer owns, or Developer's entire interest in the Admiral's Cove Parcel.

## Section II A Description of Waterside at Admiral's Cove

### 2.1 General Information

WATERSIDE AT ADMIRAL'S COVE IS BEING CREATED AND SOLD ON FEE SIMPLE INTERESTS. THIS IS A PHASE CONDOMINIUM. ADDITIONAL LAND AND UNITS MAY BE ADDED TO THIS CONDOMINIUM. Developer intends to submit the following property to the condominium form of ownership pursuant to the provisions of the Condominium Act in two (2) separate Phases, as described below. As submitted, the property will be named "Waterside at Admiral's Cove, a Condominium" and is referred to throughout this Prospectus as "Waterside at Admiral's Cove" or the "Condominium", and shall include the following:

(i) that certain 9.96 + acre tract of ground which is described on Exhibit No. 1 to the proposed Declaration of Condominium of Waterside at Admiral's Cove, a Condominium (a copy of which is attached as Exhibit "A" to this Prospectus), which tract of ground consists of a portion of Housing Parcel E as shown on the Plat of Admiral's Cove;

(ii) twelve (12) separate residential buildings containing forty-eight (48) individual residences (i.e. four (4) residences in each residential building); and

(iii) a swimming pool with adjacent rest rooms which is described in detail in Section 2.1(e) of this Prospectus.

Developer anticipates that the foregoing property will be submitted to the provisions of the Condominium Act as part of Waterside at Admiral's Cove in two (2) separate Phases, as follows:

Phase I will consist of that certain 8.17 + acre portion of the 9.96 + acre tract described above together with nine (9) separate residential buildings containing a total of thirty-six (36) separate residences.

Phase II will consist of that certain 1.79 + acre portion of the 9.96 + acre tract described above together with three (3) separate residential buildings containing a total of twelve (12) separate residences.

A plot plan and survey showing all of the property which Developer anticipates it will submit to the Condominium Act as part of Waterside at Admiral's Cove and designating Phase I and Phase II are a part of Exhibit No. 1 to the proposed Declaration of Condominium of Waterside at Admiral's Cove, a Condominium (a copy of which is attached as Exhibit "A" to this Prospectus). Developer hereby advises prospective purchasers that Developer has reserved the right to vary the arrangement of Units from that shown on said plot plan and survey, and to interchange unit types in accordance with Section 2.2 hereof.

Each individual residence in Waterside at Admiral's Cove will be available for sale, and conveyances can begin immediately following submission to the provisions of the Condominium Act, without any condition of a minimum number of presales.

Developer presently estimates that each of the two (2) Phases of Waterside at Admiral's Cove will have been submitted to the provisions of the Condominium Act, and that the construction, finishing and equipping of the Units within each particular Phase will be completed (except for interior finishing of unsold Units, if any), by no later than the following respective dates: (i) Phase I - March 31, 1990; and (ii) Phase II - December 31, 1990. The Developer shall, however, have the sole and unrestricted right to determine whether the Phase II Property shall be added to Waterside at Admiral's Cove in the aforesaid manner, and if the Phase II Property is not added to the Condominium, Developer shall not be obligated to provide or make available to the Condominium in any manner all or any portion of such of the Phase II Property as is not added to the Condominium.

(a) Unit Ownership Compared to Home Ownership

Ownership of a Unit in Waterside at Admiral's Cove is similar in many aspects to ownership of a single family home:

(i) A purchaser of a Unit in Waterside at Admiral's Cove acquires (by deed) fee simple ownership of his Unit and is entitled to the exclusive possession thereof;

(ii) Each Unit Owner is free to sell or otherwise convey his Unit, or lease his entire Unit (except for leases of less than three (3) months), subject only to certain rights reserved in favor of Waterside at Admiral's Cove Condominium Association, Inc., the legal entity responsible for the operation of the Condominium, either to approve the sale, lease or transfer of the Unit or to purchase or lease the Unit or designate substitute purchasers or tenants to purchase or lease the Unit on terms equal to those upon which the Unit Owner is willing to sell, lease or otherwise convey the Unit (please refer to Section 2.3 of this Prospectus for a more detailed discussion respecting the restrictions on the sale, lease or transfer of Units);

(iii) Each Unit Owner may mortgage his Unit, as he sees fit, in such amount as he chooses; and each Unit Owner who so mortgages his Unit makes his own mortgage payments directly to the holder of his mortgage;

(iv) Under present Florida law, each Unit (together with its Undivided Share in the Common Elements described in subsection (b) below) is separately assessed for local real estate tax purposes; and each Unit Owner must pay his individual real estate tax bill directly to the local taxing authorities;

(v) Each Unit will be separately metered for electricity and for water and sewerage, and each Unit Owner must pay his own electric and water bills directly to the respective utility companies; and

(vi) Importantly, no Unit Owner is responsible for any real estate taxes, mortgage or other encumbrances, electricity or water bills of any other Unit Owner.

(b) The Common Elements

In addition to the fee simple ownership of his Unit, each purchaser of a Unit in Waterside at Admiral's Cove acquires a percentage of ownership of the "Common Elements" of the Condominium. The Common Elements consist of all portions of the Condominium except the Units themselves, including the land and all grass and landscaping situate thereon, and the roofs, outside walls and structural components of the buildings. A more detailed description of the Common Elements is contained in Article IV of the proposed Declaration of Condominium for Waterside at Admiral's Cove, a Condominium (the "Declaration of Condominium"), a copy of which is attached as Exhibit "A" to this Prospectus. The Declaration of Condominium also sets forth, in Exhibit No. 3 thereto, the exact percentage of ownership of the Common Elements (termed therein an "Undivided Share") which is ascribed to each respective Unit of the Condominium. You will note on Exhibit No. 3 that the Undivided Share of those Units which are already part of the Condominium will be reduced as Phase II is added to Waterside at Admiral's Cove. The amount of the percentage ascribed has been determined generally, but not precisely, on the basis of the comparative square footage of all of the Units which are part of the Phases which have been added to the Condominium. Except for the aforesaid designated changes upon the addition of Phase II to the condominium, and changes permitted pursuant to Section 2.2(a) hereof or Section 718.104(4)(e) of the Condominium Act, the Undivided Share in the Common Elements cannot be altered or changed without the consent of the Unit Owner.

As more particularly described in Article IV of the Declaration of Condominium, certain portions of the Common Elements have been designated as Limited Common Elements, and the Owner of the Unit to which the particular Limited Common Element is appurtenant will have the exclusive right to the use and enjoyment of, and the sole obligation for payment of certain expenses incurred in connection with, such Limited Common Elements in accordance with the provisions of the Declaration of Condominium.

EXCEPT AS EXPRESSLY PROVIDED IN THE DECLARATION OF CONDOMINIUM, NO UNIT OWNER IS PERMITTED TO MAKE OR CONTRACT FOR ANY IMPROVEMENT, ALTERATION OR ADDITION TO THE COMMON ELEMENTS OR LIMITED COMMON ELEMENTS WITHOUT THE PRIOR WRITTEN CONSENT OF THE CONDOMINIUM ASSOCIATION AND THE ARCHITECTURAL AND DESIGN REVIEW COMMITTEE ("ADR COMMITTEE"), AS DESCRIBED IN ARTICLE V OF THE MASTER DECLARATION OF COVENANTS, RESTRICTIONS AND EASEMENTS FOR ADMIRAL'S COVE, AND UPON SUCH TERMS, CONDITIONS AND PROVISIONS AS THE CONDOMINIUM ASSOCIATION AND THE ADR COMMITTEE SHALL DETERMINE IN THEIR SOLE AND ABSOLUTE DISCRETION.

The Declaration of Condominium also requires that the Condominium Association for Waterside at Admiral's Cove maintain a master fire insurance policy for the Common Elements and for certain other real property forming a part of the Condominium. Each purchaser is urged to consult with his own insurance agent to obtain insurance for the personal property to be located within a Unit and such other insurance as may be appropriate or desirable.

(c) Administration of the Common Elements; Waterside at Admiral's Cove Condominium Association, Inc.; Control by Developer; Common Expenses

The Declaration of Condominium places responsibility for the operation of the Condominium and the maintenance, repair and replacement of the Common Elements upon Waterside at Admiral's Cove Condominium Association, Inc., a Florida corporation not-for-profit (the "Condominium Association"), formed pursuant to the Articles of Incorporation attached hereto as Exhibit "B". The Articles of Incorporation of the Condominium Association provide that each Unit Owner automatically becomes a member of the Condominium Association, entitled to one (1) vote for each Unit owned by him. The Articles of Incorporation also set forth the qualification for members of the Condominium Association's Board of Directors and name the initial officers and directors of the Condominium Association. The proposed Bylaws of the Condominium Association which are attached as Exhibit "C" to this Prospectus detail the everyday working operation of the Condominium Association.

THE DEVELOPER HAS THE RIGHT TO RETAIN CONTROL OF THE CONDOMINIUM ASSOCIATION AFTER A MAJORITY OF THE UNITS HAVE BEEN SOLD. Pursuant to Article VIII of the Articles of Incorporation of the Condominium Association, the Developer will designate all of the members of the first Board of Directors of the Condominium Association. When Unit Owners other than the Developer own fifteen percent (15%) or more of the Units in Waterside at Admiral's Cove that ultimately will be operated by the Condominium Association, then Unit Owners other than the Developer shall be entitled to elect one-third (1/3) of the members of the Board. Unit Owners other than the Developer shall be entitled to elect a majority of the members of the Board upon the first to occur of the following: (i) the lapse of three (3) years following the conveyance by the Developer of title to fifty percent (50%) of the Units that ultimately will be operated by the Condominium Association; (ii) the lapse of three (3) months following the conveyance by the Developer of title to ninety percent (90%) of the Units that ultimately will be operated by the Condominium Association; (iii) when all



Units that ultimately will be operated by the Condominium Association have been completed and none are being offered for sale by Developer in the ordinary course of business; or (iv) when Developer is neither constructing any Units that ultimately will be operated by the Condominium Association or offering any such Units for sale in the ordinary course of business. The Developer shall be entitled to elect not less than one (1) member of the Board so long as Developer holds for sale in the ordinary course of business five percent (5%) of the Units that ultimately will be operated by the Condominium Association.

The Condominium Association is specifically empowered to hire necessary personnel, enter into appropriate contracts and service agreements to provide for the maintenance, operation and management of the Common Elements, and otherwise do all things necessary or appropriate to carry out its responsibilities. The Board of Directors of the Condominium Association is obliged to promulgate an annual budget to cover, among other things, the anticipated costs and expenses to be incurred by the Condominium Association in the performance of its functions (the "Common Expenses"), and is empowered to assess the Unit Owners for their respective shares of the Common Expenses (the "Common Expense Assessments") in proportion to their respective Undivided Shares in the Common Elements. A more detailed discussion of the items comprising the budget and the guaranty of the Developer for a limited period of time respecting the Common Expense Assessments is set forth in Section 4.3 of this Prospectus.

(d) Management Agreement with Admiral's Cove Management Co., Inc.

ADMIRAL'S COVE MANAGEMENT CO., INC., AN ENTITY CONTROLLED BY THE DEVELOPER, WILL ENTER INTO A CONTRACT FOR THE MANAGEMENT OF WATERSIDE AT ADMIRAL'S COVE, A COPY OF WHICH IS ATTACHED AS EXHIBIT "I" TO THIS PROSPECTUS. The Condominium Association has or will enter into a Management Agreement (the "Condominium Management Agreement") with Admiral's Cove Management Co., Inc. (the "Management Company"), a company which is affiliated with Developer. A copy of the Condominium Management Agreement is attached as Exhibit "I" to this Prospectus.

The Condominium Management Agreement will remain in effect until the first to occur of the following:

- (i) December 31, 1990;
- (ii) such date as Unit Owners other than Developer shall be entitled to elect not less than a majority of the Board of Directors of the Condominium Association; or
- (iii) such date as Unit Owners other than Developer shall elect to cancel the Condominium Management Agreement pursuant to Section 718.302(1)(a) of the Condominium Act.

The Condominium Association is permitted to delegate certain of its powers and responsibilities to the Management Company, and, therefore, while the Condominium Management Agreement is in effect, the Management Company will undertake

18 to perform (either directly or through subcontractors) most of the duties and everyday obligations otherwise imposed on the Condominium Association by the Declaration of Condominium and its Articles and Bylaws respecting the maintenance and operation of the Condominium. Please refer to Article IV of the Condominium Management Agreement for the specifics of the Management Company's responsibilities. Pursuant to the Condominium Management Agreement, the Condominium Association will initially pay to the Management Company a fixed management fee of Five Hundred Forty Dollars (\$540.00) per month (or Six Thousand Four Hundred Eighty Dollars (\$6,480.00) per year), and will in addition reimburse the Management Company for all other costs and expenses incurred by the Management Company in the performance of its undertakings under the Condominium Association Management Agreement, except for the costs of any supervisory personnel, the costs of any secretarial or bookkeeping services and the costs of any office space, all of which costs and charges shall be borne by the Management Company at its expense. The aforementioned fixed management fee will be increased to Seven Hundred Twenty and 67/100 Dollars (\$720.67) per month (Eight Thousand Six Hundred Forty Dollars (\$8,640.00) per year) at such time as Phase I and Phase II are submitted to the condominium form of ownership.

(e) Facilities Used in Common by the Unit Owners

In Waterside at Admiral's Cove, the following recreational and other facilities situate upon the land comprising the Condominium will be a part of the Common Elements and will be available for use by the owners and occupiers of Units in Waterside at Admiral's Cove subject to the right of the Condominium Association to impose reasonable rules and regulations respecting such use, and further subject to the terms and conditions of that certain Declaration of Covenants and Easements, a copy of which is attached as Exhibit "Q" to this Prospectus:

(i) the lawn areas and driveways situate upon the land comprising the Condominium; and

(ii) a heated swimming pool and adjacent rest rooms which shall be situate upon a portion of the land (and located as shown on Exhibit No. 1 to the Declaration of Condominium which is attached as Exhibit "A" to this Prospectus), which is more particularly described as follows:

(A) the pool will be an outdoor swimming pool approximately twenty (20) feet by forty (40) feet in dimension, with a depth varying from three (3) feet to six (6) feet, with a capacity of approximately twenty-five (25) persons, and with a deck of approximately two thousand (2,000) square feet in area having a seating capacity of approximately fifty (50) persons, and equipped with twenty (20) pool chairs, three (3) outdoor tables and twelve (12) outdoor chairs;

(B) the rest rooms will contain a men's room having an approximate floor area of one hundred (100) square feet, containing one (1) urinal, one (1) water closet and two (2) lavatories; and

(C) the rest rooms will contain a women's room having an approximate floor area of one hundred (100) square feet, containing two (2) water closets and two (2) lavatories; and

(D) the rest rooms will also contain a toilet room for maintenance workers having an approximate floor area of thirty (30) square feet, containing a water closet and a lavatory.

All references in this Section 2.1(e) to dimensions and room capacities are approximations.

Developer has not reserved the right to provide as a part of the Condominium, and does not intend to provide as a part of the Condominium, any recreational or other commonly used facilities other than those described heretofore in this Section 2.1(e).

## 2.2 The Units

### (a) Description of Units

For ease of reference, each Unit in Waterside at Admiral's Cove is identified by a specific combination of Arabic numbers and a Roman numeral ("Unit Designation"). The Arabic numbers designate the particular building within which the Unit is contained and the location of the Unit within such Building, and the Roman numeral indicates the Unit type:

Harbor Home I is a unit with two (2) bedrooms plus a convertible den and two (2) baths located on the ground floor and at the end of a two (2) story building, containing approximately 2,033  $\pm$  square feet of space;

Harbor Home IA is a unit with two (2) bedrooms plus convertible den and two (2) baths located on the second floor and at the end of a two (2) story building, containing approximately 2,160  $\pm$  square feet of space;

Harbor Home IB is a unit with three (3) bedrooms plus convertible den and two (2) baths plus a powder room located on the second floor and at the end of a two (2) story building, containing approximately 2,185  $\pm$  square feet of space.

All Harbor Home Unit Designations will be four digit numbers beginning with the number "5". The middle two digits will designate the building and the last digit will designate the unit. Units 1 and 4 are downstairs units and Units 2 and 3 are upstairs units. Accordingly, the Unit Designation Harbor Home I "5064" designates Unit No. 4 in Building 06, which contains two (2) bedrooms and two (2) baths and is located on the ground floor and at the end of a two (2) story building. No Unit bears the same designation as any other Unit.

Without limiting Developer's rights with respect to other changes, Developer reserves the right to change any unsold building presently designed to contain: (i) Harbor Home I Units and Harbor Home IA Units to a building designed to contain Harbor Home I Units and Harbor Home IB Units, and (ii) Harbor Home I Units and Harbor Home IB Units to a building designed to contain Harbor Home I Units and Harbor Home IA Units. The Undivided Share in the Common Elements will then be adjusted proportionately to the changes made by Developer in the Unit types and number of Units in the Condominium.

In Waterside at Admiral's Cove, Buildings 1 through 9, inclusive, will be located in Phase I, and Buildings 10 through 12, inclusive, will be located in Phase II.

(b) Parking

In order to accomodate an automobile and golf cart, each Unit in Waterside at Admiral's Cove will have a garage containing a width of not less than fourteen (14) feet.

(c) Utility Services

In Waterside at Admiral's Cove, telephone service will be supplied by Southern Bell. Potable water will be supplied by the Town of Jupiter. It is also anticipated that the Town of Jupiter will supply water for irrigation although some water will be supplied from lakes located on the West Tract. Sanitary Sewer Service will be supplied by the Loxahatchee River Environmental Control District. Electric Service will be supplied by Florida Power and Light Company. Storm water drainage will be accomplished by surface run-off into catch basins situate on the Admiral's Cove Parcel which will percolate the water through perforated pipes into the ground. Trash and garbage will be collected by the Town of Jupiter.

(d) Leasing of Units by Developer

Developer does not presently plan to lease any Units in Waterside at Admiral's Cove rather than sell them, but Developer expressly reserves the right to lease for terms of three (3) months or more any Units it owns if it should so determine.

2.3 Restrictions on Sales and Leasing of Units

THE SALE, LEASE OR TRANSFER OF UNITS IN WATERSIDE AT ADMIRAL'S COVE IS RESTRICTED OR CONTROLLED. If any owner of a Unit in Waterside at Admiral's Cove (other than Developer) desires to sell or lease his Unit, and shall have received a bona fide offer for such sale or lease, the Condominium Association shall be given written notice thereof, together with an executed copy of such offer. The Condominium Association shall have the right (to be exercised in the case of a proposed sale within thirty (30) days and in the case of a proposed lease within ten (10) days) to purchase or lease the Unit on the same terms and conditions as are set forth in the offer, or to designate another individual or entity who is willing to purchase or lease the Unit on the same terms and conditions as are set forth in the offer. The sale or lease of any Unit by a Unit Owner to his spouse, his child, his parent, the parent of his spouse, his brother or sister, to the brother or sister of his spouse or to the spouses of any of the foregoing, shall not be subject to the Condominium Association's right of first refusal as aforesaid, nor shall sales of Units by Developer be subject to the Condominium Association's right of first refusal as aforesaid. Please refer to Article XI of the Declaration of Condominium wherein the restrictions on sales and leasing of Units are set forth.

#### 2.4 Restrictions on Use of Units, Pets and Flooring; Rules and Regulations

Each Unit in Waterside at Admiral's Cove shall be used only as a single-family residence, except that Developer has reserved the right to use any of the Units owned by Developer for offices, sales offices and samples. The Declaration of Condominium prohibits any Unit Owner from renting: (1) any portion of a Unit, (2) any Unit for a term of less than three (3) months, and (3) any Unit to more than one (1) tenant during any one (1) year period.

No pets except one (1) dog which when fully grown weighs no more than thirty-five (35) pounds, two (2) cats, fish capable of being kept in indoor aquariums and domesticated birds may be kept in any Unit. If any dog, cat, fish and/or bird becomes annoying to other Unit Owners by barking or otherwise, the Unit Owner in whose Unit the animal is kept shall immediately cause the problem to be corrected. If the problem is not corrected, upon written notice by the Condominium Association, such Unit Owner shall either no longer be permitted to keep the animal in his Unit or shall be required to take such other steps as the Condominium Association may direct. No pets shall be permitted upon any portion of the Common Elements at any time except under leash. Pets shall be "curbed" only in those portions of the Common Elements specifically designated by the Condominium Association for such purposes. For additional details on pet restrictions, please refer to Article XIV of the Declaration of Condominium.

The Declaration of Condominium for Waterside at Admiral's Cove also provides that in all Harbor Home IA Units and Harbor Home IB Units, all rooms and hallways other than kitchens and bathrooms shall be carpeted with a reasonably good grade of carpeting and padding, except that hard flooring (i.e., wood, tile and/or marble) without carpeting may be installed on adequate sound-resistant material.

The Condominium Association is empowered to adopt from time to time and to enforce rules and regulations respecting the use of the Condominium Property. A copy of the proposed initial Rules and Regulations of the Condominium Association is attached as Exhibit "D" to this Prospectus.

Please refer to Article XIV of the Declaration of Condominium which sets forth the restrictions set forth above and certain other restrictions upon use of the Units and the Common Elements.

#### 2.5 Docks

Subject to and with the consent of the Condominium Association and Admiral's Cove Master Property Owners Association, Inc., which such consents may be granted or withheld in their sole discretions, Unit Owners, subject to all or any governmental regulations and requirements, may obtain licenses from the Admiral's Cove Master Property Owners Association, Inc. to construct private docks containing one (1) but not more than four (4), wet slips for the exclusive use and benefit of such Unit Owners in Waterside at Admiral's Cove. The Unit

Owners who construct such docks shall be required to maintain, insure and pay all costs in connection with such docks. The Admiral's Cove Master Property Owners Association, Inc. is empowered to adopt from time to time and to enforce rules and regulations respecting the licensing, use, maintenance, insurance and/or transfer of any such docks and a slip within such docks to or by a Unit Owner in Waterside at Admiral's Cove, and the Condominium Association shall have the right (a) to adopt from time to time and to enforce rules and regulations respecting the location and maintenance of, utility lines to and access to, any such dock, provided that such rules and regulations are subject and subordinate to the rights of the Admiral's Cove Master Property Owners Association, Inc. and the Master Declaration of Covenants, Restrictions and Easements for Admiral's Cove, both of which are more fully described in Section 3.1 hereof, and (b) to grant easements over the Common Elements as are necessary for the construction and maintenance of utility pipes and lines from a particular Unit to a dock. No Unit Owner may be granted a license to use more than one (1) wet slip at any time.

### Section III The Admiral's Cove Master Property Owners Association, Inc.

#### 3.1 Functions of the Property Owners Association

In accordance with the requirements of applicable zoning laws, and to promote the overall coordination of all phases of the development projected for the Admiral's Cove Parcel, Developer has filed of record that certain Master Declaration of Covenants, Restrictions and Easements for Admiral's Cove, a copy of which is attached as Exhibit "E" to this Prospectus (the "Declaration of Covenants"). The Declaration of Covenants establishes a scheme whereby the Admiral's Cove Master Property Owners Association, Inc., a Florida corporation not for profit (the "Property Owners Association") is responsible for the performance of certain functions relating to the entire Admiral's Cove Parcel, including, but not limited to, the following, as such functions are more particularly described in the Declaration of Covenants:

1. to provide security for those portions of the Admiral's Cove Parcel controlled or maintained by the Property Owners Association, as the Property Owners Association may from time to time determine is desirable, which shall consist initially, among other measures, of a guardhouse at the main entrance to Admiral's Cove from Alternate AlA, and which may include the use of roving patrols;
2. to maintain, repair and replace all roads, median strips and bridges now or hereafter constructed on the Admiral's Cove Parcel;
3. to maintain, repair and replace all bikepaths/sidewalks now or hereafter constructed on the Admiral's Cove Parcel except for those bikepaths/sidewalks located on the Golf Course Property;
4. to maintain, repair, replace and operate any street lighting now or hereafter situate on or adjacent to all roads, median strips and bridges on the Admiral's Cove Parcel, and to operate and to pay the costs of operating the same;

5. to maintain, repair, replace and operate any system for lighting of portions of the saltwater waterways which form part of the Admiral's Cove Parcel;

6. To maintain, repair and replace all seawalls, bulkheading and rock or other revetments at or near any saltwater waterways on the Admiral's Cove Parcel;

7. To maintain and operate the main entranceway to the Admiral's Cove Parcel from Alternate A1A, and any other entranceway to the Admiral's Cove Parcel;

8. To provide the following for any landscaped areas at any entrance from Alternate A1A or Frederick Small Road to the Admiral's Cove Parcel: litter removal; grass cutting; weed control; dry and liquid fertilizer; shrub and tree care and replacement; water and electricity for operation of sprinkler system; operation, maintenance, repair and replacement of sprinkler system, including sprinkler pipes and heads; sign maintenance and lighting; maintenance, repair and replacement of any decorative or screening walls and fences; and maintenance, repair, replacement and operation of any fountains and pumps;

9. To maintain, repair and replace all fences, walls and gates situate around the perimeter of the Admiral's Cove Parcel, as well as any earth berms and landscaping thereon along Alternate A1A and Frederick Small Road;

10. To maintain the eight (8) undevelopable islands which form a portion of the Admiral's Cove Parcel;

11. To perform certain maintenance dredging with respect to the saltwater waterways within the Admiral's Cove Parcel;

12. To maintain the stormwater drainage system for the Admiral's Cove Parcel; and

13. To maintain and replace, if necessary, all protected shoreline vegetation (including without limitation, mangroves, spartina and other legally protected shoreline vegetation);

14. To operate, maintain, repair and replace all dikes and weirs on, and the canal at the north boundary of, the Admiral's Cove Parcel; and

15. To perform certain other duties which will be specified in the Declaration of Covenants.

UNIT OWNERS ARE REQUIRED AS A CONDITION OF UNIT OWNERSHIP TO BE MEMBERS OF THE PROPERTY OWNERS ASSOCIATION, WHICH ENTITY HAS CERTAIN RESPONSIBILITIES WITH RESPECT TO THE ENTIRE ADMIRAL'S COVE DEVELOPMENT OF WHICH WATERSIDE AT ADMIRAL'S COVE IS A PART, INCLUDING, BUT NOT LIMITED TO, THE RESPONSIBILITY FOR MAINTENANCE OF ROADS, BRIDGES, BULKHEADING, REVETMENTS, STREET LIGHTING, FENCING, GATES AND WALLS, LAKES AND CANALS, MEDIAN STRIPS, STORMWATER DRAINAGE SYSTEM AND THE DREDGING OF SALTWATER WATERWAYS, AND THE RESPONSIBILITY FOR

PROVIDING SECURITY FOR THOSE PORTIONS OF THE ADMIRAL'S COVE PARCEL CONTROLLED OR MAINTAINED BY THE PROPERTY OWNERS ASSOCIATION. UNIT OWNERS ARE REQUIRED, AS A MANDATORY CONDITION OF UNIT OWNERSHIP, TO PAY A SHARE OF THE COSTS AND EXPENSES INCURRED BY THE PROPERTY OWNERS ASSOCIATION IN THE PERFORMANCE OF ITS RESPONSIBILITIES.

Attached as Exhibit "M" to this Prospectus is a plot plan of the Admiral's Cove Parcel upon which Developer has attempted to depict, in a very general fashion, the extent of the existing and proposed roads, bridges, bulkheading, revetments, fencing, gates and walls, median strips, saltwater waterways, and lakes and canals which the Property Owners Association will maintain, repair, replace or operate (except that Exhibit "M" does not depict lakes that will be constructed within housing tracts which will be maintained by the Property Owners Association). However, please refer to Article III of the Declaration of Covenants for a more detailed and complete description of the duties and powers of the Property Owners Association.

CERTAIN OF THE FACILITIES MAINTAINED BY THE PROPERTY OWNERS ASSOCIATION MAY BE EXPANDED OR ADDED TO WITHOUT THE CONSENT OF THE UNIT OWNERS OR OF WATERSIDE AT ADMIRAL'S COVE CONDOMINIUM ASSOCIATION, INC. Developer has reserved the right pursuant to the terms of the Declaration of Covenants to convey all or a portion of certain property within the Admiral's Cove Parcel to the Property Owners Association, which conveyance, when and if elected, will impose additional maintenance and other duties upon the Property Owners Association. Please refer to the Declaration of Covenants for a more detailed description of the rights and obligations of the Property Owners Association.

It should be noted that pursuant to the Declaration of Covenants, the owner of The Club at Admiral's Cove, the eighteen (18) hole golf course, the twenty-seven (27) hole golf course and certain other facilities (the "Golf Course Property Owner") is obligated to maintain, repair and replace all bike-paths and sidewalks on the Golf Course Property (as previously defined in Section 1.3), and those nonpaved portions of the rights-of-way roads which abut the Golf Course Property.

The Articles of Incorporation of the Property Owners Association, the Bylaws of the Property Owners Association and the Rules and Regulations of the Property Owners Association are attached, respectively, as Exhibits "F", "G" and "H" to this Prospectus.

### 3.2 Assessments for Expenses Incurred by the Property Owners Association; Estimated Operating Budget

The Declaration of Covenants provides that each owner of a home or lot in Admiral's Cove, including each Owner of a Unit in Waterside at Admiral's Cove, shall be required, as a mandatory condition of such ownership, to be a member of the Property Owners Association. The owners of any additional residential structures hereafter constructed on the Admiral's Cove Parcel, including the Living Unit Owners (as said term is defined in the Declaration of Covenants), the Vacant Single Family Lot Owners (as said term is defined in the Declaration



of Covenants), the Golf Course Property Owner, the Undeveloped Property Owners (as said term is defined in the Declaration of Covenants) and Developer shall also be members of the Property Owners Association.

The Declaration of Covenants further provides that each owner of a home or lot in Admiral's Cove, including each Owner of a Unit in Waterside at Admiral's Cove, is required, as a mandatory condition of such ownership, to pay its share of the costs and expenses incurred by the Property Owners Association in the performance of its functions. The owners of any additional residential structures hereafter constructed on the Admiral's Cove Parcel, including the Living Units Owners, the Vacant Single Family Lot Owners and the Undeveloped Property Owners are also required by the Declaration of Covenants to pay their respective share of the costs and expenses incurred by the Property Owners Association.

The method for determining the respective shares of the expenses incurred by the Property Owners Association to be borne by each of the parties mentioned in the previous paragraph of this Section 3.2 is set forth in detail in Article IX of the Declaration of Covenants and you are directed to such Article IX for a precise explanation of the calculation of such shares.

Article IX of the Declaration of Covenants provides that the aggregate share of the expenses of the Property Owners Association to be borne by all of the Owners of Units in Waterside at Admiral's Cove, shall be divided among such Unit Owners in proportion to their respective Undivided Shares in the Common Elements.

THERE IS A LIEN OR LIEN RIGHT AGAINST EACH UNIT TO SECURE THE PAYMENT OF ASSESSMENTS IMPOSED BY THE PROPERTY OWNERS ASSOCIATION FOR THE COSTS AND EXPENSES INCURRED BY THE PROPERTY OWNERS ASSOCIATION IN THE PERFORMANCE OF ITS RESPONSIBILITIES. THE UNIT OWNER'S FAILURE TO MAKE THESE PAYMENTS MAY RESULT IN FORECLOSURE OF THE LIEN. Each Unit Owner's share of the costs and expenses incurred by the Property Owners Association will be billed to such Unit Owner by the Condominium Association as part of such Unit Owner's regular monthly share of the Common Expense Assessment imposed by the Condominium Association.

Attached as Exhibit "L" to this Prospectus is an Estimated Operating Budget for the Property Owners Association for the fiscal year January 1, 1989, through December 31, 1989, and the fiscal year January 1, 1990, through December 31, 1990, which have been prepared by Developer. Since the share of the expenses of the Property Owners Association which the Owners of Units in Waterside at Admiral's Cove are obligated to pay will be collected as a Common Expense of Waterside at Admiral's Cove, purchasers of Units in Waterside at Admiral's Cove can be assured that their share of the Property Owners Association's expenses will not increase during such time as Developer's guaranty of Common Expense Assessments is in effect. (See Section 4.3 of this Prospectus.)

### 3.3 Control of the Property Owners Association by Developer

THE DEVELOPER HAS THE RIGHT TO RETAIN CONTROL OF THE PROPERTY OWNERS ASSOCIATION AFTER A MAJORITY OF THE UNITS AT ADMIRAL'S COVE HAVE BEEN SOLD. Pursuant to Article II, Sections 2 and 3 of the Declaration of Covenants and Article IV of the Articles of Incorporation of the Property Owners Association, Developer has reserved the right to retain voting control of the Property Owners Association until December 31, 2001.

### 3.4 Management Agreement with Admiral's Cove Management Co., Inc.

THE BOARD OF DIRECTORS OF THE PROPERTY OWNERS ASSOCIATION WILL ENTER INTO A MANAGEMENT AGREEMENT (THE "PROPERTY OWNERS ASSOCIATION MANAGEMENT AGREEMENT") WITH ADMIRAL'S COVE MANAGEMENT CO., INC. (THE "MANAGEMENT COMPANY"); A COMPANY WHICH IS AFFILIATED WITH DEVELOPER. A copy of the Property Owners Association Management Agreement is attached as Exhibit "I" to this Prospectus.

The Property Owners Association Management Agreement will terminate on December 31, 2001 (unless sooner terminated by Management Company pursuant to its reserved right to cancel effective on December 31 of any year).

Pursuant to the Property Owners Association Management Agreement, the Management Company will perform (either directly or through subcontractors) nearly all of the duties and obligations that are imposed upon the Property Owners Association by the Declaration of Covenants. Please refer to Article IV of the Property Owners Association Management Agreement for a detailed description of the services which the Management Company will provide to the Property Owners Association.

Pursuant to the Property Owners Association Management Agreement, the Property Owners Association will pay to the Management Company a fixed fee of Two Thousand Five Hundred Dollars (\$2,500) per month (or Thirty Thousand Dollars (\$30,000) per year) and in addition, the Property Owners Association will reimburse the Management Company for all costs and expenses incurred by the Management Company in performing its responsibilities pursuant to the Property Owners Association Management Agreement, except for the costs of any supervisory personnel, the costs of any secretarial or bookkeeping services, the costs of office space and any telephone charges (except for the guardhouse), all of which costs and charges shall be borne by the Management Company at its expense. The fee payable to the Management Company may not be increased without the approval of the Property Owners Association.

## Section IV Closing Expenses; Expenses of Ownership; Operating Budget

### 4.1 Estimated Closing Expenses

The following is a schedule of the estimated closing expenses to be paid by a purchaser of a Unit in Waterside at

Admiral's Cove (in addition to the purchase price of the Unit itself):

- |   |  |
|---|--|
| 1. Documentary Stamps on Deed   | -Cost is \$.55 per \$100 of purchase price of Unit   |
| 2. Recording Deed   | -Cost is \$6.50 for first page, \$4.50 for each additional page of Deed, and \$.60 for the legal description.  |
| 3. Real Property Taxes  | -To be apportioned as of the date of closing in accordance with Paragraph 5 B of the Agreement of Sale   |
| 4. Assessments for Common Expenses  | -To be apportioned as of the date of closing in accordance with Paragraph 5 B of the Agreement of Sale   |
| 5. Contribution to Working Capital of Condominium Association and Property Owners Association | -Amount is the then estimated quarterly Assessment for Common Expenses applicable to the Unit as described in Paragraph 5 C of the Agreement of Sale |

If a purchaser of a Unit utilizes mortgage financing for all or any portion of the purchase price, additional closing expenses relating to such mortgage, as determined by the mortgagee, will be paid by the purchaser, which expenses may include, but are not to be limited to, costs of recording the mortgage, mortgage fees, "points", charges for prepaid interest, escrow for taxes, intangible tax on the mortgage, state documentary stamps on the mortgage note, mortgagee's attorneys' fees, and abstract and mortgagee title insurance policy costs. A purchaser should be aware that such closing expenses are levied by mortgagees outside of the control of Developer and such expenses may vary according to the particular mortgagee.

The Developer will furnish to each purchaser of a Unit in Waterside at Admiral's Cove, at Developer's cost and expense, an ALTA owner's policy of title insurance issued by such reputable title insurance company doing business in Palm Beach County, Florida as Developer shall select.

#### 4.2 Estimated Common Expenses; Estimated Operating Budget, Exclusion of Personal Expenses

The operating expenses for the Condominium Association (the "Common Expenses") are to be estimated in advance each year by the Board of Directors of the Condominium Association, and a copy of a proposed budget will be transmitted to each Unit Owner by the Board of Directors in accordance with Section 7.2(a) of the Bylaws of the Condominium Association.

28 These Common Expenses will include, without limitation, fees due Admiral's Cove Management Co., Inc. and assessments due to Admiral's Cove Master Property Owners Association, Inc.; payroll items; payment for any items of improvement; insurance premiums; legal and accounting fees; maintenance expenses; costs of repairs and replacement of the Common Elements; charges for utilities used in connection with the Common Elements; charges for cleaning and janitorial expenses incurred with respect to the Common Elements; fees due to the Division of Florida Land Sales and Condominiums; expenses and liabilities incurred by the Condominium Association in the enforcement of its rights or duties against its members or others; expenses of indemnifying its Officers and Directors; amounts for contingencies; and amounts to fund a reserve for capital replacements of the Common Elements. Pursuant to Article X of the Declaration of Condominium, the Condominium Association will have a lien upon each Unit for any unpaid Assessment and interest thereon due from the Unit Owner thereof and pursuant to the Bylaws, can accelerate such unpaid Assessments.

A copy of an estimated operating budget for the fiscal year January 1, 1989, through December 31, 1989, and the fiscal year January 1, 1990, through December 31, 1990, prepared by Developer is attached as Exhibit "K" to this Prospectus (referred to as the "Estimated Budget").

Assessments based upon the Estimated Budget shall be payable quarterly in advance the first day of each quarter.

A prospective purchaser of a Unit in Waterside at Admiral's Cove should be aware that the Common Expense Assessments do not include any item of expense that would be personal to a Unit Owner, including (but not limited to) mortgage financing payments on the Unit, real estate taxes respecting the Unit and its Undivided Share in the Common Elements, electric, water and sewer bills separately metered or charged to the Unit, trash and garbage collection, private telephone costs, costs of maintenance, repair and replacement of the Unit itself, service contracts, insurance, maid service and similar personal expenses contracted for by the Unit Owner.

#### 4.3 Developer's Guaranty

Based upon the Estimated Budget, Developer has prepared the estimate of Unit Owners' Monthly, Quarterly and Annual Common Expense Assessments for the fiscal year January 1, 1989, through December 31, 1989, and the for fiscal year January 1, 1990, through December 31, 1990, which is attached as Exhibit "N" to this Prospectus. It has been Developer's experience, however, that during the initial sales period of a condominium project such as Waterside at Admiral's Cove, where there are a series of buildings which during the course of the sales period may have both occupied and vacant Units or Units in the process of final construction and finishing, costs to be borne by the Condominium Association are difficult to project or ascertain. Accordingly, the Developer (pursuant to Paragraph 10 of the Agreement of Sale for Waterside at Admiral's Cove, a form of which is attached as Exhibit "O" to this Prospectus) has agreed to guaranty to each

Unit Owner that until the end of the Guaranty Period (as hereinafter defined), the monthly Common Expense Assessment chargeable to each Unit Owner in Waterside at Admiral's Cove respecting his Unit will not exceed the estimated amount listed on Exhibit "N" to this Prospectus. Said Guaranty shall be effective for a period (the "Guaranty Period") commencing with the conveyance of the first Unit in Waterside at Admiral's Cove conveyed by Developer to a party other than Developer, and terminating on the first to occur of the following dates:

- (i) December 31, 1990;
- (ii) such date as Unit Owners other than Developer shall be entitled to elect no less than a majority of the Board of Directors of the Condominium Association; or
- (iii) such date as either that certain Condominium Management Agreement between Admiral's Cove Management Co., Inc. and the Condominium Association, a copy of which is attached as Exhibit "I" to this Prospectus, or that certain Property Owners Association Management Agreement between Admiral's Cove Management Co., Inc. and the Property Owners Association, a copy of which is attached as Exhibit "J" to this Prospectus, shall be cancelled or terminated.

During the Guaranty Period, the Developer will make no payments for Assessments for Units owned by the Developer, but instead will pay the difference between the amount collected from Unit Owners other than Developer during the Guaranty Period and the actual costs and expenses of operating the Condominium during such period. After the Guaranty Period, Assessments for Common Expenses will be based upon the projections and estimates of the Board of Directors of the Condominium Association, and the Developer will pay Assessments for the Units it owns.

#### Section V The Club at Admiral's Cove

The Club at Admiral's Cove is a prominent part of the total Admiral's Cove community. The completed facilities of the Club will include: an eighteen (18) hole golf course on the East Tract of Admirals Cove; twenty-seven (27) holes of golf and a small clubhouse on the West Tract; fourteen (14) "Fast-Dri" tennis courts; a "tennis clubhouse"; a harbourmaster's building; three (3) visitor wet slips; and facilities located in the main clubhouse consisting of dining and social facilities (including a dining room, lounge, locker and card rooms), pro shop, health club, men's and women's locker facilities; and the swimming pool located adjacent to the main clubhouse.

THE CLUB AT ADMIRAL'S COVE IS PRESENTLY OWNED BY DEVELOPER, AND PURCHASERS OF UNITS IN WATERSIDE AT ADMIRAL'S COVE DO NOT AUTOMATICALLY ACQUIRE MEMBERSHIP IN OR RIGHTS TO BECOME MEMBERS OF THE CLUB AT ADMIRAL'S COVE. The Club at Admiral's Cove and all of its related facilities are the sole and exclusive property of Developer and purchasers of Units in Waterside at Admiral's Cove have no right or interest in or with respect to The Club at Admiral's Cove or any of its related facilities, except as may otherwise be expressly set forth in Paragraph 12 of the Agreement of Sale, a form of which

30 is attached as Exhibit "0" to this Prospectus. Developer at this time anticipates, however, that it will offer nonproprietary full golf memberships, tennis memberships, social memberships and other memberships to Unit Owners in Waterside at Admiral's Cove, subject to certain requirements and limitations including those set forth in this Section and in the Agreement of Sale.

Membership in The Club at Admiral's Cove (the "Club") will be subject to the following requirements and limitations:

(i) members will be required to pay the dues and other charges established from time to time by the owner of the Club and the owner of the Club reserves the right to increase such dues and charges from time to time;

(ii) members will be required to abide by the rules and regulations established from time to time by the owner of the Club;

(iii) Developer reserves the sole and exclusive right to determine and limit the number of golf, tennis, social and other memberships available at the Club;

(iv) Developer reserves the sole and exclusive right to admit persons other than residents of Admiral's Cove to membership in the Club, to permit persons other than members to use the facilities of the Club and to specify all of the terms of such membership and use;

(v) Developer reserves the right at the end of any calendar year or fiscal year of the Club to terminate any or all memberships in the Club; and

(vi) Developer reserves the sole and unrestricted right and power to determine: (1) whether the Club or any portion thereof should be sold, including, without limitation, the right and power to determine to sell all or a portion of any golf courses which are part of the Club, whether or not the balance of the facilities comprising the Club are sold; (2) when, if at all, the Club or any portion thereof should be sold; (3) all of the terms and conditions upon and subject to which the Club or any portion thereof should be sold, including, without limitation, whether the Club should be sold subject to any leases or management agreements to or with Developer, the Management Company or others; and (4) to whom the Club should be sold, including, without limitation, whether the Club or any portion thereof should be sold to its non-proprietary members, to a non-profit corporation to be owned by the former non-proprietary members, or to other persons or entities.

#### Section VI      The Beach Club at Juno Beach

Developer has acquired an ocean-front parcel and may, if permitted, but shall not be obligated to, construct an ocean-front beach club facility which will be located in Juno Beach, Florida (the "Beach Club"). The Beach Club will not be a part of The Club at Admiral's Cove, but will be operated as a separate facility on such basis as Developer shall determine.

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PURCHASERS OF UNITS IN WATERSIDE AT ADMIRAL'S COVE WILL NOT AND DO NOT AUTOMATICALLY ACQUIRE MEMBERSHIP IN OR RIGHTS TO BECOME MEMBERS OF THE BEACH CLUB. If and when developed, the Beach Club and all of its related facilities will be the sole and exclusive property of Developer, and purchasers of Units in Waterside at Admiral's Cove neither presently have nor in the future will have any right or interest in or with respect to the Beach Club or any of its related facilities.

Section VII      Conclusion

Should a prospective purchaser desire any information in addition to that contained in this Prospectus and the Exhibits hereto, please direct your inquiries to the Admiral's Cove Sales Office, by telephone to (305) 744-8800, or by mail to 200 Admiral's Cove Boulevard, Jupiter, Florida 33477.