

HALF MOON BAY, A CONDOMINIUM

PROSPECTUS

THE INFORMATION CONTAINED IN THIS PROSPECTUS IS PROVIDED PURSUANT TO FLORIDA STATUTES, SECTION 718.504, IN ORDER TO ACQUAINT YOU, A PROSPECTIVE PURCHASER, WITH CERTAIN PERTINENT INFORMATION CONCERNING THIS CONDOMINIUM AND TO AID YOU IN YOUR DECISION TO PURCHASE A UNIT.

1. NAME AND LOCATION:

The name of the Condominium is HALF MOON BAY, A CONDOMINIUM. The Condominium is located in Palm Beach County, Florida.

2. DESCRIPTION OF THE CONDOMINIUM PROPERTY:

2.1 There may be a maximum of 10 buildings contained within the Condominium. The 2-story townhouse building may contain a minimum of 4 and a maximum of 5 units. Each other building may contain a minimum of 7 and a maximum of 26 Units. Each Unit may contain a minimum of 2 and a maximum of 3 bedrooms, and a minimum of 2 and a maximum of 3 bathrooms. At the present time, there are a maximum of 205 Units planned for the Condominium, although there may be a maximum of 221 Units contained within the Condominium.

2.2 A copy of the plot plan and survey of the property which will initially be in the Condominium is contained in Exhibit "A" of the Declaration of Condominium, and a copy of the proposed plot plan and survey of the property that may be added to the Condominium is contained in Exhibit "B" of the Declaration of Condominium.

2.3 The estimated latest date of completion of the phase of the Condominium in which your Unit is located, if not now completed, will be set forth on Page 1 of your Purchase Agreement.

2.4 The maximum number of Units that will use facilities in common with the Condominium plan to be 305 Units, but in any event will not exceed 400 Units.

3. THE CONDOMINIUM IS CREATED AND BEING SOLD AS FEE SIMPLE INTEREST:

The Condominium is created and being sold as fee simple interests. Accordingly, you will exclusively own your Unit and an undivided interest in the common elements. The Developer has and does reserve the right to lease any Units which the Developer is unable to sell within a reasonable time, although the Developer's current plan does not include a program of leasing any Units. If your Unit will be subject to a lease, a copy of the lease will be attached as an exhibit to your Purchase Contract, and in that event THE UNITS MAY BE TRANSFERRED SUBJECT TO A LEASE.

4. THERE IS (IS TO BE) A CONTRACT FOR THE MANAGEMENT OF THE CONDOMINIUM WITH PROPERTY MANAGEMENT RESOURCES, INC.

The Condominium Association has or will enter into a Management Agreement with Property Management Resources, Inc., which is an affiliate of the Developer, for the management of the Condominium Association and the maintenance and operation of the Condominium property. A copy of the Management Agreement is attached to this Prospectus as Exhibit "8". The Management Agreement is for an initial term of 1 year, commencing on the date of closing of the first Unit in the Condominium, and thereafter will be automatically extended for successive 1-year terms unless either party elects not to extend the Agreement by written notice of at least 30 days prior to the expiration of any such 1 year term. The Management Agreement may be terminated by either party upon at least thirty (30) days written notice to the other.

The services to be provided pursuant to the Management Agreement include, but are not limited to: the operation, maintenance, repair and replacement of Condominium property and common elements; procuring and keeping in force all insurance required by the Declaration; maintaining the Condominium Association's books and records; preparing and recommending budgets for assessments; the collection of assessments from the Unit Owners; and the attendance at meetings of the Unit Owners. Paragraph (3) of the Management Agreement sets forth in detail the services to be provided by the pursuant to the Management Agreement.

Pursuant to the Management Agreement, the Manager will be paid a fee of \$8.40 per month (\$100.80 per year) for each Unit in the condominium from time to time. The management fee will be assessed to the Unit Owners as part of the common expenses of the Condominium.

5. THE DEVELOPER (OR OTHER PERSON) HAS THE RIGHT TO RETAIN CONTROL OF THE ASSOCIATION AFTER A MAJORITY OF THE UNITS HAVE BEEN SOLD.

The Board of Directors of the Condominium Association will initially consist of three (3) Directors. Pursuant to the Declaration and the Articles of Incorporation of the Condominium Association, the Developer currently has the right to appoint all of the Directors. Upon certain occurrences, as set forth in the Articles of Incorporation, and as provided by the Florida Condominium Act, the Unit Owners will be entitled to elect some or all of the Directors. The provisions dealing with the right of the Unit Owners to elect Directors are contained within Article VIII of the Articles of Incorporation, attached as Exhibit "E" of the Declaration.

6. THE SALE, LEASE, OR TRANSFER OF UNITS IS RESTRICTED OR CONTROLLED.

Pursuant to Paragraph 19 of the Declaration of Condominium, prior to selling, transferring or leasing a Unit, the Unit Owner is required to obtain the approval of the Condominium Association. Pursuant to that Paragraph, if the Condominium Association does not approve of the sale, transfer or lease of a Unit, the Unit Owner may require the Condominium Association to purchase the Unit, or designate another purchaser or tenant for the Unit. However, no leases of a Unit may be for a term of less than six (6) months. Please refer to Paragraph 19 of the Declaration for a complete description of the restrictions applicable to the sale, transfer or lease of a Unit.

7. RESTRICTIONS IMPOSED ON THE USE OF UNITS.

Paragraph 18 of the Declaration of Condominium sets forth certain restrictions concerning the use of Units, the Condominium property, and the recreational facilities. In addition, certain other restrictions are set forth in the rules and regulations of the Condominium Association, a copy of which is included as Exhibit "7" of this Prospectus. These restrictions, rules and regulations have been imposed in the best interests of all of the Unit Owners within the Condominium to make the Condominium a pleasant, clean and enjoyable community. A summary of the more important restrictions, rules and regulations are as follows:

7.1 Units may be occupied and used for residential purposes only, and not for business, commercial or other purposes.

7.2 With the exception of temporary guests, no Unit may be occupied by more than two (2) persons for each bedroom in a Unit, without the prior written consent of the Condominium Association.

7.3 The exterior of all Units and all common areas are to be kept free of obstructions. No exterior alterations or improvements, including landscaping, are permitted without the prior written consent of the Condominium Association.

7.4 Only private passenger vehicles are permitted to be parked on the Condominium property without the consent of the Condominium Association.

7.5 No more than one cat, or one dog not exceeding 25 lbs at maturity, is permitted in any Unit. In addition, fish, birds and other small animals are permitted so long as they are not kept for commercial purposes and are exclusively and continuously confined to cages, tanks, or other similar enclosures.

7.6 No acts are permitted which are a nuisance or annoyance to other Unit Owners.

8. UTILITIES.

Utilities and other services will be provided as follows:

8.1 Electric service will be supplied by Florida Power and Light Company.

8.2 Telephone service will be supplied by Southern Bell Telephone Company.

8.3 Sewage and waste disposal will be provided by the City of Boynton Beach, and the water supply will be provided by Town of Manalapan.

8.4 Solid waste pick-up and disposal will be supplied by Palm Beach County, or by a contractor of the Condominium Association.

8.5 Storm drainage will be provided by an on-site drainage system which will be maintained by Half Moon Bay Master Association, Inc.

9. APPORTIONMENT OF COMMON EXPENSES.

Each Unit in the Condominium will be apportioned a share of the common expenses and ownership in the common elements, based upon the number of bedrooms in the Unit. This share will be determined pursuant to the formula set forth in Paragraph 8 of the Declaration of Condominium, whereby a 3-bedroom Unit will have a 25% greater interest in the common elements and will pay 25% more of the common expenses than a 2-bedroom Unit. The initial share of the common expenses and ownership of the common elements for each Unit in Phase 1 of the Condominium is set forth in Exhibit "D" of the Declaration of Condominium. This share will be redetermined as and if subsequent phase(s) are added to the Condominium.

10. ESTIMATED OPERATING BUDGET AND ASSESSMENTS.

An estimated operating budget is attached to this Prospectus as Exhibit "1". Each Unit Owner will be assessed a monthly assessment as set forth in the budget. The Developer will pay assessments for Units owned by the Developer as in the case of any other Unit Owner.

The Developer guarantees to each Unit Owner in the Condominium that the assessments for common expenses payable by the Unit Owners will not increase over the amounts set forth in the estimated operating budget and the attached notes during the period commencing with the closing of the first Unit in the Condominium, and ending on the first to occur of the following: (i) January 1, 1991, or (ii) when the Developer no longer appoints a majority of the Directors of the Condominium Association if the Management Agreement executed by the Developer is terminated by the Condominium Association. During the period of this guarantee, if the assessments are increased over the guaranteed amount the Developer will pay any increased amount directly to the Condominium Association, and in addition the Developer will pay

assessments for Units owned by the Developer as in the case of any other Unit Owner, and will also pay any amount of common expenses incurred during the period of the guarantee in excess of the assessments receivable from the other Unit Owners, including any working capital contributions paid to the Condominium Association, and any other income receivable by the Association during the guarantee period. This guarantee does not include any increases in insurance premiums not reflected in the budget; assessments payable to the Master Association; monies required to repair or restore any damage to any common elements or other property maintained by the Condominium Association, and claims against the Condominium Association arising out of personal injury, death, or property damage, which are not covered by insurance proceeds; charges imposed by any governmental authority or due to any statute or ordinance which is not included in the budget; any amount required to indemnify any officer or director elected by the unit owners; any increase in the type of service initially provided by the Condominium Association; any costs incurred in litigation involving the Condominium Association; or other unusual expenditures not ordinarily anticipated in the day-to-day maintenance and management of the Condominium. This guarantee is personal to the Unit Owners who acquire their Units directly from the Developer, and will be terminated as to any Unit when the Unit Owner transfers title to his Unit, if otherwise still in effect.

11. ESTIMATED CLOSING EXPENSES.

A schedule of estimated closing expenses to be paid by each buyer of a Unit is attached to this prospectus as Exhibit "2". At the election of each purchaser at the time a purchase contract is executed, a title insurance policy will be provided to the purchaser at the purchaser's expense.

12. IDENTIFICATION OF DEVELOPER.

The Developer of this Condominium is K. HOVNANIAN AT HALF MOON BAY, INC., a Florida corporation. The principal directing the creation and sale of the Condominium is Kevork S. Hovnanian, who has been involved in the development of many residential developments in the State of Florida. This is the first condominium developed by the Developer, although other companies controlled by Mr. Hovnanian have developed several thousand homes, including other condominiums.

13. DESCRIPTION OF PHASING.

THIS IS A PHASE CONDOMINIUM. ADDITIONAL LAND AND UNITS MAY BE ADDED TO THIS CONDOMINIUM. Paragraph 23 of the Declaration of Condominium describes the phasing of the Condominium, and a summary of the provisions of the Declaration providing for the phasing is as follows:

13.1 Each phase that is added to the Condominium will contain one building. The buildings may contain 2-bedroom Units having a minimum of 1200 and a maximum of 1700 square feet, or 3-bedroom Units having a minimum of 1400 and a maximum of 1900 square feet. The number of Units presently planned for each phase, as well as the minimum and the maximum number of Units that may be contained within each phase, is as follows:

<u>Phase</u>	<u>Planned Units</u>	<u>Minimum Units</u>	<u>Maximum Units</u>
I, X	16	14	17
V	5	4	5
II, III, IV, VI, VII, VIII, IX	24	21	26

13.2 BUILDINGS AND UNITS WHICH ARE ADDED TO THE CONDOMINIUM MAY BE SUBSTANTIALLY DIFFERENT FROM THE OTHER BUILDINGS AND UNITS IN THE CONDOMINIUM. Pursuant to Paragraph 23.12 of the Declaration of Condominium, residential buildings and units which

are added to the Condominium may substantially differ from the other buildings and units in the Condominium. In this regard, the Developer has reserved the right to change the types of buildings and units which may be added to the Condominium in any phase, and specifically reserves the right within any phase to change the size of the building and Units, the location and configuration of the building, the exterior elevation of the building, the design of the building, the configuration of Units within the building, the building materials, the number of stories of the building, and the number of Units within the building. In any event the number of Units within a phase which is added to the Condominium may not be increased above or decreased below the maximum and minimum number of units permitted to be built within the phase as specified above, and in no event may the units be smaller or larger than the minimum or maximum square footage specified above. To the extent the Developer modifies the types of buildings and units within any phase which is added to the Condominium, the Developer may construct buildings and improvements differently than is shown on the Plot Plan attached as Exhibit "B" of the Declaration, as may be necessary or desirable in connection with the construction of the buildings and improvements, provided however that any amendment adding any phase shall contain a plot plan showing the actual location of all buildings and improvements actually constructed within the phase. The Developer further reserves the right to change the location of the roads, parking areas, walkways and other common element improvements, as may be reasonably required to serve the buildings and units actually constructed within any phase, and to make changes in the legal description of any phase required to accommodate such changes or to comply with applicable governmental requirements such as parking and set-back, or to correct errors, prior to the time the phase is added to the Condominium. In any event, all of the buildings added to the Condominium will be of comparable quality of construction to the buildings initially included in the Condominium. For purposes of exercising the rights provided hereunder, two or more phases may be combined into one phase.

13.3 As and if one or more additional phases are added to the Condominium, each Unit Owner's undivided share in the common elements and the corresponding responsibility for the payment of common expenses and the ownership in the common surplus will be adjusted to reflect the increase in the number of Units in the Condominium caused by the addition of the phase, pursuant to the formula set forth in Paragraph 8 of the Declaration of Condominium.

13.4 No phase is permitted to be added to the Condominium more than seven (7) years after the date of recording of the Declaration of Condominium.

13.5 Although the Developer intends to develop and add all of the phases to the Condominium, the Developer reserves the right to not add any or all of the phases in its sole discretion, and accordingly the Developer does not have any duty, obligation or responsibility to cause any proposed phase or its improvements to be constructed and added to the Condominium, and nothing contained herein shall be deemed a representation or warranty on the part of the Developer that any additional phase will in fact be constructed and added to the Condominium. Pursuant to Paragraph 24 of the Declaration of Condominium, if any land is not added as a phase of the Condominium, the Developer or the owner of such land will have the right to develop the land in the Developer's or owner's sole discretion, and nothing contained herein shall be deemed a representation or warranty that such land which is not added as a phase of the Condominium will be developed in any particular manner.

14. INSURANCE.

The Condominium Association is required to purchase casualty insurance for the Condominium, which will include the building in which your Unit will be located, and liability insurance for

injuries to persons or property. However, these policies will not include coverage for any floor, wall or ceiling coverings within your Unit, or personal property and improvements you may make in your Unit, and may not include personal liability which you may have for personal injury or property damage caused by you or in your Unit. Like any other homeowner, casualty insurance for your personal property and improvements and individual personal liability insurance, will be your responsibility.

15. EASEMENTS.

The Condominium property will be subject to customary and usual ingress and egress and utility easements, which may include water, sewer, drainage, electricity, telephone, cable television, and other utility easements. In particular, if any of the phases are not added to the Condominium, such easements will exist in favor of the property within the phases which are not added to the Condominium.

16. MASTER DECLARATION FOR HALF MOON BAY.

16.1 Half Moon Bay. This Condominium is within a larger development known as Half Moon Bay ("Half Moon Bay"). Exhibit "10" of this Prospectus contains a proposed Site Plan which shows all of the buildings, homes and improvements presently contemplated to be constructed, or constructed, within Half Moon Bay. It is acknowledged that the site plan is preliminary, and the Developer reserves the right to change the number and type of units and improvements to be constructed within Half Moon Bay, and to construct improvements within Half Moon Bay different than as shown on the site plan.

16.2 Master Declaration. Half Moon Bay will be subject to a Master Declaration, which is included in Exhibit "11" of this Prospectus. Pursuant to the Master Declaration, an association known as the Half Moon Bay Master Association, Inc. has been formed. The purpose of the Master Association is to own and operate various common areas which will benefit all of Half Moon Bay, including any boundary walls and landscaping, entrance signs and treatments, common roads, all of the lakes, the surface water management system, and the recreational facilities.

Each Unit Owner will be required to pay assessments to the Master Association, which will be collected and remitted by the Condominium Association. If the Condominium Association fails to pay those assessments, the Master Association will have a lien against all of the units for the collection of such sum. However, any unit owner will be able to obtain a release of the lien as to his unit upon the payment of that unit owner's share of the funds secured by the lien. THERE IS A LIEN OR LIEN RIGHT AGAINST EACH UNIT TO SECURE THE PAYMENT OF ASSESSMENTS OR OTHER EXACTIONS COMING DUE FOR THE USE, MAINTENANCE, UPKEEP OR REPAIR OF THE RECREATIONAL OR COMMONLY USED FACILITIES. THE UNIT OWNER'S FAILURE TO MAKE THESE PAYMENTS MAY RESULT IN FORECLOSURE OF THE LIEN. Every owner of a Unit in Half Moon Bay shall be a member of the Master Association and shall have such rights and obligations associated therewith as set forth in the Master Declaration and Articles of Incorporation and By-Laws of the Master Association.

16.3 Recreational Facilities. There are constructed within Half Moon Bay various recreational facilities, as shown on the Site Plan contained in Exhibit "10". The recreational facilities which exist consist of the following:

(a) A heated swimming pool having a maximum length of approximately 50 feet and a maximum width of approximately 35 feet, with a depth ranging from approximately 3 feet to 6 feet.

(b) A recreational building containing a general purpose room, a pool equipment room, a bar area, a storage area, a men's and a women's restroom, a billiard area, and a kitchen.

(c) Personal property having a minimum value of \$500.00.

(d) Three tennis courts.

A second recreational facility is also planned, which is located adjacent to the first recreational facility, as shown on the Site Plan for Half Moon Bay. This second recreational facility is planned to include the following:

(a) A heated swimming pool having a maximum length of approximately 60 feet and a maximum width of approximately 40 feet, with a depth ranging from approximately 3 feet to 6 feet.

(b) A cabana building containing two small offices and a men's and women's restroom.

(c) A heated spa containing approximately 96 square feet.

(d) Personal property having a minimum value of \$500.00.

Although the Developer reserves the right to construct these facilities at any time, the Developer commits to complete the second recreational facility no later than January 2, 1992, or when 205 Units within Half Moon Bay have been completed and conveyed by the Developer, whichever occurs last. When all the recreational facilities are completed, they will be conveyed to the Master Association.

Pursuant to the Master Declaration, all of the Unit Owners and residents within Half Moon Bay, including the Unit owners and residents within this Condominium and the Unit Owners and residents within Half Moon Bay Phase I and Phase II Condominium, will have the right to use the recreational facilities.

The description of the recreational facilities, as set forth above and as depicted on the Site Plan included in Exhibit "10", is preliminary and the Developer reserves the right to change the kind, size, and nature of the recreational facilities, and the location of same, and in particular the Developer reserves the right to increase or add to the recreational facilities, or to expand the recreational facilities, without the consent of the Unit Owners. RECREATIONAL FACILITIES MAY BE EXPANDED OR ADDED WITHOUT CONSENT OF UNIT OWNERS OR THE ASSOCIATION.

DOCKS OR BOAT SLIPS MAY OR MAY NOT BE CONSTRUCTED IN THE INTRACOASTAL WATERWAY ADJACENT TO THIS CONDOMINIUM. IF SUCH DOCKS OR BOAT SLIPS SHALL BE CONSTRUCTED, THEY MAY OR MAY NOT BE A PART OF THIS CONDOMINIUM.

EXHIBIT 1
TO PROSPECTUS

HALF MOON BAY

FIRST YEAR ESTIMATED EXPENSES COLLECTED
FROM UNIT OWNERS BY ASSESSMENTS
(BASED UPON 16 UNITS)
(FIRST PHASE ONLY)

	<u>MONTHLY</u>	<u>ANNUALLY</u>
<u>SALARIES:</u>		
Salaries - Maintenance	00.00	00.00
Salaries - Taxes & Insurance	00.00	00.00
	<u>00.00</u>	<u>00.00</u>
<u>GENERAL PROPERTY EXPENSE:</u>		
Auto, Gas & Oil	00.00	00.00
Pool Chemicals & Repair	00.00	00.00
Garbage Service	311.00	3,732.00
Exterminating	00.00	00.00
Uniform	00.00	00.00
Cable Television Service	160.00	1,920.00
Lawn Cutting & Fertilizing, Janitorial	336.00	4,032.00
Supplies - Miscellaneous	50.25	603.00
Rent for recreational and other commonly used facilities	00.00	00.00
Security provisions	00.00	00.00
Operating Capital	00.00	00.00
Lake Maintenance	00.00	00.00
Other Expenses	00.00	00.00
Reserves for Capital Improvement	<u>590.58</u>	<u>7,087.00</u>
TOTAL GENERAL PROPERTY EXPENSES	\$1,447.83	\$17,374.00
<u>UTILITY EXPENSE:</u>		
Electric	255.00	3,060.00
Water & Sewer (unit owners)	<u>127.83</u>	<u>1,534.00</u>
TOTAL UTILITY EXPENSE:	\$382.00	\$4,594.00
<u>ADMINISTRATIVE EXPENSE:</u>		
Fees payable to Division Officer/Director's Liability	1.33	16.00
Insurance	104.16	1,250.00
Postage & Shipping	10.67	120.00
Legal Fees	10.00	120.00
Audit Fees	297.08	3,565.00
Property Management Fees	450.00	5,400.00
Copy Expense	00.00	00.00
Office Supplies	50.00	600.00
Telephone Service	<u>50.00</u>	<u>600.00</u>
TOTAL ADMINISTRATIVE EXPENSES	\$972.57	\$11,671.00
<u>TAXES AND INSURANCE:</u>		
Taxes Upon Association Property	00.00	00.00
Public Liability and Property Damage	343.66	4124.00
Other Taxes and Licenses	00.00	00.00
Taxes upon Leased areas	<u>00.00</u>	<u>00.00</u>
TOTAL TAXES & INSURANCE	\$343.66	\$4,124.00
TOTAL HALF MOON BAY EXPENSES	\$3,146.89	\$37,763.00
ALLOCATED PORTION OF HALF MOON BAY RECREATION (MASTER ASSOCIATION)	<u>631.04</u>	<u>7,572.50</u>
TOTAL CONDOMINIUM EXPENSES	\$3,777.93	\$45,335.50

CAPITAL RESERVES

Thirty (30) year life expectancy on the concrete tile roof with a replacement cost of \$31,000.00. Building painting (exterior) required every six (6) years at an estimated cost of \$11,100.00 for two-story buildings. Sealcoat required every five (5) years at a cost of \$.70 per square yard for 16,200 square yards or \$11,340.00. Repaving of the private roads required every fifteen (15) years at a cost of \$1.80 per square yard or \$29,040.00. The annual amount required to fund the Association reserve is \$7,087.00. These estimates should be re-evaluated annually.

ASSOCIATION ASSESSMENTS

<u>UNIT MODEL TYPES</u>	<u>MONTHLY</u>	<u>ANNUALLY</u>
2 Bedroom	\$224.55	\$2,694.60
3 Bedroom	\$270.83	\$3,249.96

The estimated monthly assessments include an allocated portion for individual units' capital reserve expense. The amount allocated for the capital reserve is:

<u>UNIT MODEL TYPES</u>	<u>MONTHLY</u>	<u>ANNUALLY</u>
2 Bedroom	\$34.74	\$416.88
3 Bedroom	\$43.43	\$521.16

The estimated monthly assessments include an allocated portion for the Master Association. The amount allocated for the Master Association is:

<u>UNIT MODEL TYPES</u>	<u>MONTHLY</u>	<u>ANNUALLY</u>
All Units	\$39.44	\$473.28

ASSESSMENTS ARE COLLECTED QUARTERLY.

HALF MOON BAY, A CONDOMINIUM
NOTES TO ESTIMATED OPERATING BUDGET
PHASE I (16 units) ONLY

SALARIES

Salaries-Maintenance

All work for the Condominium Association is to be subcontracted for. No budget for this item is required.

Salaries-Taxes and W/C

All work is to be subcontracted for. No budget for payroll taxes and workman's compensation is required.

GENERAL PROPERTY EXPENSE

Auto-Gas-Oil

There is no expense associated with this item.

Pool Chemicals and Repair

This expense is covered in the fees to the Master Association.

Garbage Service

The cost of one 6 yard dumpster picked up twice each week.

Exterminating

There is no expense associated with this item.

Uniform Expense

The Condominium has no employees. No budget for this item is required.

Cable Television Service

The cost of basic cable television service at approximately \$10.00 per unit per month.

Lawn Cutting and Fertilizing

It is anticipated that two outside contractors will handle this service. Items included are cutting, edging, trimming and fertilizing. Subcontractor will also weed flower beds and clean hallways.

Supplies-Miscellaneous

This item includes such items as light bulbs, screws, irrigation supplies and other miscellaneous repair parts.

Rents for Recreation and Other Commonly Used Facilities

There is no rent for the recreational and other commonly used facilities.

Security Provision

There has been no provision made for this item.

Operating Capital

An amount equal to two months assessments per unit to be used by association for unforeseen major expenditures.

Lake Maintenance

This expense is covered in the fees to the Master Association.

Other Expenses

This item has not been provided for. No provision for this item is required.

Reserve for Capital Improvements

This item provided for as detailed above.

UTILITY EXPENSE

Electric

Includes the cost for the buildings, street lights and pumps (see schedule).

Water and Sewer

Includes the cost for individual units' usage (see schedule).

ADMINISTRATIVE EXPENSES

Fees Payable to the Division

Fees payable to the State of Florida are currently \$1.00 per unit.

Officer/Director's Liability Insurance

The cost of liability insurance for the Board of Directors.

Postage and Shipping

The cost of general mailouts for budgets, elections and assessment collections.

Legal Fees

Provision has been made for legal fees.

Audit Fees

The cost to compile the monthly financial statements, collect and monitor assessments receivable and tax returns.

Property Management Fees

The allocated costs for managing the property including a part-time on-site administrator.

Copy Expense

No provision has been made for copy expense.

Office Supplies

To provide for all miscellaneous office supplies including CAI membership, copies, stationary and licenses.

Telephone Expenses

The cost of service with limited long distance calls.

TAXES AND INSURANCE

Taxes Upon Association Property

No provision has been made for this item.

Public Liability and Property Damage

Includes the cost of insurance coverage for fire and property damage and general liability for the common areas of the Association.

Other Taxes and Licenses

There should be no other taxes or licenses.

Taxes Upon Leased Areas

The Condominium has no leased areas and, as such, there is no budget established for this item.

Allocated Portion of Half Moon Bay Master Association, Inc.

Includes expenses of the recreation building, tennis courts, pool area, water management tracts, and landscaping of the common areas.

SPONSOR'S EXEMPTION

The sponsor shall be excused from the payment of the share of the Common Expense and assessments related to unsold Units for a period terminating on the first day of the fourth calendar month following the month in which the closing of the purchase and sale of the first Condominium Unit occurs.

ACCURACY OF ESTIMATED BUDGET:

The amounts shown on the Estimated Operating Budget are estimates of the expenses to be incurred by the Condominium Association. Because these expenses have been estimated prior to the construction and operation of the Condominium, it is anticipated that the actual expenses as to any item, or as to the total expense to be incurred, will be different from the amounts indicated in the budget based upon actual operation, and accordingly, no representation is made as to the accuracy of the amounts shown on the Estimated Operating Budget.

EXHIBIT 1
TO PROSPECTUS

HALF MOON BAY

FIRST YEAR ESTIMATED EXPENSES COLLECTED
FROM UNIT OWNERS BY ASSESSMENTS
(BASED UPON 205 UNITS)
(ALL PHASES)

	<u>MONTHLY</u>	<u>ANNUALLY</u>
<u>SALARIES:</u>		
Salaries - Maintenance	00.00	00.00
Salaries - Taxes & Insurance	<u>00.00</u>	<u>00.00</u>
	00.00	00.00
<u>GENERAL PROPERTY EXPENSE:</u>		
Auto, Gas & Oil	00.00	00.00
Pool Chemicals & Repair	00.00	00.00
Garbage Service	3,023.00	36,276.00
Exterminating	00.00	00.00
Uniform	00.00	00.00
Cable Television Service	2,050.00	24,600.00
Lawn Cutting & Fertilizing, Janitorial	4,305.00	51,660.00
Supplies - Miscellaneous	166.62	1,999.00
Rent for recreational and other commonly used facilities	00.00	00.00
Security provisions	00.00	00.00
Operating Capital	00.00	00.00
Lake Maintenance	00.00	00.00
Other Expenses	00.00	00.00
Reserves for Capital Improvement	<u>3,161.00</u>	<u>37,932.00</u>
TOTAL GENERAL PROPERTY EXPENSES	\$12,705.62	\$152,467.00
<u>UTILITY EXPENSE:</u>		
Electric	765.00	9,180.00
Water & Sewer (unit owners)	<u>3,238.16</u>	<u>38,858.00</u>
TOTAL UTILITY EXPENSE:	\$4,003.16	\$48,038.00
<u>ADMINISTRATIVE EXPENSE:</u>		
Fees payable to Division Officer/Director's Liability	17.08	205.00
Insurance	104.16	1,250.00
Postage & Shipping	74.83	898.00
Legal Fees	50.00	600.00
Audit Fees	516.66	6,200.00
Property Management Fees	1,281.00	15,375.00
Copy Expense	00.00	00.00
Office Supplies	166.66	2,000.00
Telephone Service	<u>65.00</u>	<u>780.00</u>
TOTAL ADMINISTRATIVE EXPENSES	\$2275.64	\$27,308.00
<u>TAXES AND INSURANCE:</u>		
Taxes Upon Association Property	00.00	00.00
Public Liability and Property Damage	3,033.58	36,403.00
Other Taxes and Licenses	00.00	00.00
Taxes upon Leased areas	<u>00.00</u>	<u>00.00</u>
TOTAL TAXES & INSURANCE	\$3,033.58	\$36,403.00
TOTAL HALF MOON BAY EXPENSES	\$22,018.00	\$264,216.00
ALLOCATED PORTION OF HALF MOON BAY RECREATION (MASTER ASSOCIATION)	<u>\$3,075.00</u>	<u>\$36,900.00</u>
TOTAL CONDOMINIUM EXPENSES	\$25,093.00	\$301,116.00

CAPITAL RESERVES

Thirty (30) year life expectancy on the concrete tile roof with a replacement cost of \$31,000.00 on nine (9) buildings and \$15,500.00 on one (1) building for a total of \$294,500.00. Building painting (exterior) required every six (6) years at an estimated cost of \$16,645.00 for each of seven three-story buildings, \$11,100.00 for each of two two-story buildings and \$5,600.00 for one one-story building. Sealcoat required every five (5) years at a cost of \$.70 per square yard for 16,200 square yards or \$11,340.00. Repaving of the private roads required every fifteen (15) years at a cost of \$1.662 per square yard or \$26,922.00. The annual amount required to fund the Association reserve is \$37,932.00. These estimates should be re-evaluated annually.

ASSOCIATION ASSESSMENTS

<u>UNIT MODEL TYPES</u>	<u>MONTHLY</u>	<u>ANNUALLY</u>
2 Bedroom	\$116.00	\$1,392.00
3 Bedroom	\$141.25	\$1,695.00

The estimated quarterly expenses include an allocated portion for individual units' capital reserve expense. The amount allocated for the capital reserve is:

<u>UNIT MODEL TYPES</u>	<u>MONTHLY</u>	<u>ANNUALLY</u>
2 Bedroom	\$14.50	\$174.00
3 Bedroom	\$18.13	\$217.50

The estimated quarterly expenses include an allocated portion for the individual units' Master Association fee. The amount allocated for the Master Association is:

<u>UNIT MODEL TYPES</u>	<u>MONTHLY</u>	<u>ANNUALLY</u>
All Units	\$15.00	\$180.00

ASSESSMENTS ARE COLLECTED QUARTERLY.

HALF MOON BAY, A CONDOMINIUM
NOTES TO ESTIMATED OPERATING BUDGET
ALL PHASES

SALARIES

Salaries-Maintenance

All work for the Condominium Association is to be subcontracted for. No budget for this item is required.

Salaries-Taxes and W/C

All work is to be subcontracted for. No budget for payroll taxes and workman's compensation is required.

GENERAL PROPERTY EXPENSE

Auto-Gas-Oil

There is no expense associated with this item.

Pool Chemicals and Repair

This expense is covered in the fees to the Master Association.

Garbage Service

The cost of nine 6 yard dumpsters and one 4 yard dumpster picked up twice each week.

Exterminating

There is no expense associated with this item.

Uniform Expense

The Condominium has no employees. No budget for this item is required.

Cable Television Service

The cost of basic cable television service at approximately \$10.00 per unit per month.

Lawn Cutting and Fertilizing

It is anticipated that two outside contractors will handle this service. Items included are cutting, edging, trimming and fertilizing. Subcontractor will also weed flower beds and clean hallways.

Supplies-Miscellaneous

This item includes such items as light bulbs, screws, irrigation supplies and other miscellaneous repair parts.

Rents for Recreation and Other Commonly Used Facilities

There is no rent for the recreational and other commonly used facilities.

Security Provision

There has been no provision made for this item.

Operating Capital

An amount equal to two months assessments per unit to be used by association for unforeseen major expenditures.

Lake Maintenance

This expense is covered in the fees to the Master Association.

Other Expenses

This item has not been provided for. No provision for this item is required.

Reserve for Capital Improvements

This item provided for as detailed above.

UTILITY EXPENSE

Electric

Includes the cost for the buildings, street lights and pumps (see schedule).

Water and Sewer

Includes the cost for individual units' usage (see schedule).

ADMINISTRATIVE EXPENSES

Fees Payable to the Division

Fees payable to the State of Florida are currently \$1.00 per unit.

Officer/Director's Liability Insurance

The cost of liability insurance for the Board of Directors.

Postage and Shipping

The cost of general mailouts for budgets, elections and assessment collections.

Legal Fees

Provision has been made for legal fees.

Audit Fees

The cost to compile the monthly financial statements, collect and monitor assessments receivable and tax returns.

Property Management Fees

The allocated costs for managing the property including a part-time on-site administrator.

Copy Expense

No provision has been made for copy expense.

Office Supplies

To provide for all miscellaneous office supplies including CAI membership, copies, stationary and licenses.

Telephone Expenses

The cost of service with limited long distance calls.

TAXES AND INSURANCE

Taxes Upon Association Property

No provision has been made for this item.

Public Liability and Property Damage

Includes the cost of insurance coverage for fire and property damage and general liability for the common areas of the Association.

Other Taxes and Licenses

There should be no other taxes or licenses.

Taxes Upon Leased Areas

The Condominium has no leased areas and, as such, there is no budget established for this item.

Allocated Portion of Half Moon Bay Master Association, Inc.

Includes expenses of the recreation building, tennis courts, pool area and landscaping of the common areas.

SPONSOR'S EXEMPTION

The sponsor shall be excused from the payment of the share of the Common Expense and assessments related to unsold Units for a period terminating on the first day of the fourth calendar month following the month in which the closing of the purchase and sale of the first Condominium Unit occurs.

ACCURACY OF ESTIMATED BUDGET:

The amounts shown on the Estimated Operating Budget are estimates of the expenses to be incurred by the Condominium Association. Because these expenses have been estimated prior to the construction and operation of the Condominium, it is anticipated that the actual expenses as to any item, or as to the total expense to be incurred, will be different from the amounts indicated in the budget based upon actual operation, and accordingly, no representation is made as to the accuracy of the amounts shown on the Estimated Operating Budget.

EXHIBIT "2"

TO

PROSPECTUS

ESTIMATED CLOSING EXPENSES

Pursuant to Florida Statutes, Section 718.504(22), and Rule 2-13.03(1) of the Department of Legal Affairs, each purchaser is hereby warned that upon closing the sale of a unit in the Condominium additional costs may be demanded from the purchaser in the form of closing costs, which may include the following:

1. The balance of the total purchase price, plus any unpaid extras.
2. A Working Capital contribution to the Condominium Association equal to 2 months assessments, plus a prorated portion of the current Condominium assessment.
3. A pro rata portion of the current real estate taxes, and any municipal or interim service fee or tax, for the year of closing.
4. Documentary stamps for the Warranty Deed (currently \$.55 per \$100.00 of purchase price) plus approximately \$9.00 for recording the Warranty Deed.
5. Purchaser's title insurance policy (or if Purchaser does not elect to obtain a title insurance policy, a closing charge of \$300.00).
6. Any deposit, installation charge, or hook-up fees for utility services for the purchaser's unit.
7. Purchaser's own insurance.
8. Attorneys' fees for purchaser's attorney, if any.

In addition, if the purchaser obtains a mortgage, additional costs may be demanded from the purchaser by the lender, which may include the following:

1. Intangible tax of .002 of the principal mortgage amount.
2. Stamp tax equal to \$.15 per \$100.00 of fraction of the principal mortgage amount.
3. Recording fees of \$4.00 per page plus \$1.00 additional for the first page.
4. Application fee.
5. Abstract charges.
6. Title insurance
7. Appraisal fee.
8. Credit report.
9. Lender's title insurance policy.
10. Escrow for taxes and/or insurance.
11. Tax service fee.
12. Mortgage insurance.
13. Origination fee.
14. Discount points.
15. Prepaid Interest.
16. Survey fee.
17. Attorneys' fees.
18. Any other charges imposed by purchaser's lender.

EXHIBIT 1
TO PROSPECTUS

HALF MOON BAY

FIRST YEAR ESTIMATED EXPENSES COLLECTED
FROM UNIT OWNERS BY ASSESSMENTS
(BASED UPON 16 UNITS)
(FIRST PHASE ONLY)

	<u>MONTHLY</u>	<u>ANNUALLY</u>
<u>SALARIES:</u>		
Salaries - Maintenance	00.00	00.00
Salaries - Taxes & Insurance	00.00	00.00
	<u>00.00</u>	<u>00.00</u>
<u>GENERAL PROPERTY EXPENSE:</u>		
Auto, Gas & Oil	00.00	00.00
Pool Chemicals & Repair	00.00	00.00
Garbage Service	311.00	3,732.00
Exterminating	00.00	00.00
Uniform	00.00	00.00
Cable Television Service	160.00	1,920.00
Lawn Cutting & Fertilizing, Janitorial	336.00	4,032.00
Supplies - Miscellaneous	50.25	603.00
Rent for recreational and other commonly used facilities	00.00	00.00
Security provisions	00.00	00.00
Operating Capital	00.00	00.00
Lake Maintenance	00.00	00.00
Other Expenses	00.00	00.00
Reserves for Capital Improvement	<u>590.58</u>	<u>7,087.00</u>
TOTAL GENERAL PROPERTY EXPENSES	\$1,447.83	\$17,374.00
<u>UTILITY EXPENSE:</u>		
Electric	255.00	3,060.00
Water & Sewer (unit owners)	<u>127.83</u>	<u>1,534.00</u>
TOTAL UTILITY EXPENSE:	\$382.00	\$4,594.00
<u>ADMINISTRATIVE EXPENSE:</u>		
Fees payable to Division Officer/Director's Liability Insurance	1.33	16.00
Postage & Shipping	104.16	1,250.00
Legal Fees	10.67	120.00
Audit Fees	10.00	120.00
Property Management Fees	297.08	3,565.00
Copy Expense	450.00	5,400.00
Office Supplies	00.00	00.00
Telephone Service	50.00	600.00
	<u>50.00</u>	<u>600.00</u>
TOTAL ADMINISTRATIVE EXPENSES	\$972.57	\$11,671.00
<u>TAXES AND INSURANCE:</u>		
Taxes Upon Association Property Public Liability and Property Damage	00.00	00.00
Other Taxes and Licenses	343.66	4124.00
Taxes upon Leased areas	00.00	00.00
	<u>00.00</u>	<u>00.00</u>
TOTAL TAXES & INSURANCE	\$343.66	\$4,124.00
TOTAL HALF MOON BAY EXPENSES	\$3,146.89	\$37,763.00
ALLOCATED PORTION OF HALF MOON BAY RECREATION (MASTER ASSOCIATION)	<u>631.04</u>	<u>7,572.50</u>
TOTAL CONDOMINIUM EXPENSES	\$3,777.93	\$45,335.50

CAPITAL RESERVES

Thirty (30) year life expectancy on the concrete tile roof with a replacement cost of \$31,000.00. Building painting (exterior) required every six (6) years at an estimated cost of \$11,100.00 for two-story buildings. Sealcoat required every five (5) years at a cost of \$.70 per square yard for 16,200 square yards or \$11,340.00. Repaving of the private roads required every fifteen (15) years at a cost of \$1.80 per square yard or \$29,040.00. The annual amount required to fund the Association reserve is \$7,087.00. These estimates should be re-evaluated annually.

ASSOCIATION ASSESSMENTS

<u>UNIT MODEL TYPES</u>	<u>MONTHLY</u>	<u>ANNUALLY</u>
2 Bedroom	\$224.55	\$2,694.60
3 Bedroom	\$270.83	\$3,249.96

The estimated monthly assessments include an allocated portion for individual units' capital reserve expense. The amount allocated for the capital reserve is:

<u>UNIT MODEL TYPES</u>	<u>MONTHLY</u>	<u>ANNUALLY</u>
2 Bedroom	\$34.74	\$416.88
3 Bedroom	\$43.43	\$521.16

The estimated monthly assessments include an allocated portion for the Master Association. The amount allocated for the Master Association is:

<u>UNIT MODEL TYPES</u>	<u>MONTHLY</u>	<u>ANNUALLY</u>
All Units	\$39.44	\$473.28

ASSESSMENTS ARE COLLECTED QUARTERLY.

HALF MOON BAY, A CONDOMINIUM
NOTES TO ESTIMATED OPERATING BUDGET
PHASE I (16 units) ONLY

SALARIES

Salaries-Maintenance

All work for the Condominium Association is to be subcontracted for. No budget for this item is required.

Salaries-Taxes and W/C

All work is to be subcontracted for. No budget for payroll taxes and workman's compensation is required.

GENERAL PROPERTY EXPENSE

Auto-Gas-Oil

There is no expense associated with this item.

Pool Chemicals and Repair

This expense is covered in the fees to the Master Association.

Garbage Service

The cost of one 6 yard dumpster picked up twice each week.

Exterminating

There is no expense associated with this item.

Uniform Expense

The Condominium has no employees. No budget for this item is required.

Cable Television Service

The cost of basic cable television service at approximately \$10.00 per unit per month.

Lawn Cutting and Fertilizing

It is anticipated that two outside contractors will handle this service. Items included are cutting, edging, trimming and fertilizing. Subcontractor will also weed flower beds and clean hallways.

Supplies-Miscellaneous

This item includes such items as light bulbs, screws, irrigation supplies and other miscellaneous repair parts.

Rents for Recreation and Other Commonly Used Facilities

There is no rent for the recreational and other commonly used facilities.

Security Provision

There has been no provision made for this item.

Operating Capital

An amount equal to two months assessments per unit to be used by association for unforeseen major expenditures.

Lake Maintenance

This expense is covered in the fees to the Master Association.

Other Expenses

This item has not been provided for. No provision for this item is required.

Reserve for Capital Improvements

This item provided for as detailed above.

UTILITY EXPENSE

Electric

Includes the cost for the buildings, street lights and pumps (see schedule).

Water and Sewer

Includes the cost for individual units' usage (see schedule).

ADMINISTRATIVE EXPENSES

Fees Payable to the Division

Fees payable to the State of Florida are currently \$1.00 per unit.

Officer/Director's Liability Insurance

The cost of liability insurance for the Board of Directors.

Postage and Shipping

The cost of general mailouts for budgets, elections and assessment collections.

Legal Fees

Provision has been made for legal fees.

Audit Fees

The cost to compile the monthly financial statements, collect and monitor assessments receivable and tax returns.

Property Management Fees

The allocated costs for managing the property including a part-time on-site administrator.

Copy Expense

No provision has been made for copy expense.

Office Supplies

To provide for all miscellaneous office supplies including CAI membership, copies, stationary and licenses.

Telephone Expenses

The cost of service with limited long distance calls.

TAXES AND INSURANCE

Taxes Upon Association Property

No provision has been made for this item.

Public Liability and Property Damage

Includes the cost of insurance coverage for fire and property damage and general liability for the common areas of the Association.

Other Taxes and Licenses

There should be no other taxes or licenses.

Taxes Upon Leased Areas

The Condominium has no leased areas and, as such, there is no budget established for this item.

Allocated Portion of Half Moon Bay Master Association, Inc.

Includes expenses of the recreation building, tennis courts, pool area, water management tracts, and landscaping of the common areas.

SPONSOR'S EXEMPTION

The sponsor shall be excused from the payment of the share of the Common Expense and assessments related to unsold Units for a period terminating on the first day of the fourth calendar month following the month in which the closing of the purchase and sale of the first Condominium Unit occurs.

ACCURACY OF ESTIMATED BUDGET:

The amounts shown on the Estimated Operating Budget are estimates of the expenses to be incurred by the Condominium Association. Because these expenses have been estimated prior to the construction and operation of the Condominium, it is anticipated that the actual expenses as to any item, or as to the total expense to be incurred, will be different from the amounts indicated in the budget based upon actual operation, and accordingly, no representation is made as to the accuracy of the amounts shown on the Estimated Operating Budget.

EXHIBIT 1
TO PROSPECTUS

HALF MOON BAY

FIRST YEAR ESTIMATED EXPENSES COLLECTED
FROM UNIT OWNERS BY ASSESSMENTS
(BASED UPON 205 UNITS)
(ALL PHASES)

	<u>MONTHLY</u>	<u>ANNUALLY</u>
<u>SALARIES:</u>		
Salaries - Maintenance	00.00	00.00
Salaries - Taxes & Insurance	00.00	00.00
	<u>00.00</u>	<u>00.00</u>
<u>GENERAL PROPERTY EXPENSE:</u>		
Auto, Gas & Oil	00.00	00.00
Pool Chemicals & Repair	00.00	00.00
Garbage Service	3,023.00	36,276.00
Exterminating	00.00	00.00
Uniform	00.00	00.00
Cable Television Service	2,050.00	24,600.00
Lawn Cutting & Fertilizing, Janitorial	4,305.00	51,660.00
Supplies - Miscellaneous	166.62	1,999.00
Rent for recreational and other commonly used facilities	00.00	00.00
Security provisions	00.00	00.00
Operating Capital	00.00	00.00
Lake Maintenance	00.00	00.00
Other Expenses	00.00	00.00
Reserves for Capital Improvement	<u>3,161.00</u>	<u>37,932.00</u>
TOTAL GENERAL PROPERTY EXPENSES	\$12,705.62	\$152,467.00
<u>UTILITY EXPENSE:</u>		
Electric	765.00	9,180.00
Water & Sewer (unit owners)	<u>3,238.16</u>	<u>38,858.00</u>
TOTAL UTILITY EXPENSE:	\$4,003.16	\$48,038.00
<u>ADMINISTRATIVE EXPENSE:</u>		
Fees payable to Division Officer/Director's Liability Insurance	17.08	205.00
Postage & Shipping	104.16	1,250.00
Legal Fees	74.83	898.00
Audit Fees	50.00	600.00
Property Management Fees	516.66	6,200.00
Copy Expense	1,281.00	15,375.00
Office Supplies	00.00	00.00
Telephone Service	166.66	2,000.00
	<u>65.00</u>	<u>780.00</u>
TOTAL ADMINISTRATIVE EXPENSES	\$2275.64	\$27,308.00
<u>TAXES AND INSURANCE:</u>		
Taxes Upon Association Property Public Liability and Property Damage	00.00	00.00
Other Taxes and Licenses	3,033.58	36,403.00
Taxes upon Leased areas	00.00	00.00
	<u>00.00</u>	<u>00.00</u>
TOTAL TAXES & INSURANCE	\$3,033.58	\$36,403.00
TOTAL HALF MOON BAY EXPENSES	\$22,018.00	\$264,216.00
ALLOCATED PORTION OF HALF MOON BAY RECREATION (MASTER ASSOCIATION)	<u>\$3,075.00</u>	<u>\$36,900.00</u>
TOTAL CONDOMINIUM EXPENSES	\$25,093.00	\$301,116.00

CAPITAL RESERVES

Thirty (30) year life expectancy on the concrete tile roof with a replacement cost of \$31,000.00 on nine (9) buildings and \$15,500.00 on one (1) building for a total of \$294,500.00. Building painting (exterior) required every six (6) years at an estimated cost of \$16,645.00 for each of seven three-story buildings, \$11,100.00 for each of two two-story buildings and \$5,600.00 for one one-story building. Sealcoat required every five (5) years at a cost of \$.70 per square yard for 16,200 square yards or \$11,340.00. Repaving of the private roads required every fifteen (15) years at a cost of \$1.662 per square yard or \$26,922.00. The annual amount required to fund the Association reserve is \$37,932.00. These estimates should be re-evaluated annually.

ASSOCIATION ASSESSMENTS

<u>UNIT MODEL TYPES</u>	<u>MONTHLY</u>	<u>ANNUALLY</u>
2 Bedroom	\$116.00	\$1,392.00
3 Bedroom	\$141.25	\$1,695.00

The estimated quarterly expenses include an allocated portion for individual units' capital reserve expense. The amount allocated for the capital reserve is:

<u>UNIT MODEL TYPES</u>	<u>MONTHLY</u>	<u>ANNUALLY</u>
2 Bedroom	\$14.50	\$174.00
3 Bedroom	\$18.13	\$217.50

The estimated quarterly expenses include an allocated portion for the individual units' Master Association fee. The amount allocated for the Master Association is:

<u>UNIT MODEL TYPES</u>	<u>MONTHLY</u>	<u>ANNUALLY</u>
All Units	\$15.00	\$180.00

ASSESSMENTS ARE COLLECTED QUARTERLY.

HALF MOON BAY, A CONDOMINIUM
NOTES TO ESTIMATED OPERATING BUDGET
ALL PHASES

SALARIES

Salaries-Maintenance

All work for the Condominium Association is to be subcontracted for. No budget for this item is required.

Salaries-Taxes and W/C

All work is to be subcontracted for. No budget for payroll taxes and workman's compensation is required.

GENERAL PROPERTY EXPENSE

Auto-Gas-Oil

There is no expense associated with this item.

Pool Chemicals and Repair

This expense is covered in the fees to the Master Association.

Garbage Service

The cost of nine 6 yard dumpsters and one 4 yard dumpster picked up twice each week.

Exterminating

There is no expense associated with this item.

Uniform Expense

The Condominium has no employees. No budget for this item is required.

Cable Television Service

The cost of basic cable television service at approximately \$10.00 per unit per month.

Lawn Cutting and Fertilizing

It is anticipated that two outside contractors will handle this service. Items included are cutting, edging, trimming and fertilizing. Subcontractor will also weed flower beds and clean hallways.

Supplies-Miscellaneous

This item includes such items as light bulbs, screws, irrigation supplies and other miscellaneous repair parts.

Rents for Recreation and Other Commonly Used Facilities

There is no rent for the recreational and other commonly used facilities.

Security Provision

There has been no provision made for this item.

Operating Capital

An amount equal to two months assessments per unit to be used by association for unforeseen major expenditures.'

Lake Maintenance

This expense is covered in the fees to the Master Association.

Other Expenses

This item has not been provided for. No provision for this item is required.

Reserve for Capital Improvements

This item provided for as detailed above.

UTILITY EXPENSE

Electric

Includes the cost for the buildings, street lights and pumps (see schedule).

Water and Sewer

Includes the cost for individual units' usage (see schedule).

ADMINISTRATIVE EXPENSES

Fees Payable to the Division

Fees payable to the State of Florida are currently \$1.00 per unit.

Officer/Director's Liability Insurance

The cost of liability insurance for the Board of Directors.

Postage and Shipping

The cost of general mailouts for budgets, elections and assessment collections.

Legal Fees

Provision has been made for legal fees.

Audit Fees

The cost to compile the monthly financial statements, collect and monitor assessments receivable and tax returns.

Property Management Fees

The allocated costs for managing the property including a part-time on-site administrator.

Copy Expense

No provision has been made for copy expense.

Office Supplies

To provide for all miscellaneous office supplies including CAI membership, copies, stationary and licenses.

Telephone Expenses

The cost of service with limited long distance calls.

TAXES AND INSURANCE

Taxes Upon Association Property

No provision has been made for this item.

Public Liability and Property Damage

Includes the cost of insurance coverage for fire and property damage and general liability for the common areas of the Association.

Other Taxes and Licenses

There should be no other taxes or licenses.

Taxes Upon Leased Areas

The Condominium has no leased areas and, as such, there is no budget established for this item.

Allocated Portion of Half Moon Bay Master Association, Inc.

Includes expenses of the recreation building, tennis courts, pool area and landscaping of the common areas.

SPONSOR'S EXEMPTION

The sponsor shall be excused from the payment of the share of the Common Expense and assessments related to unsold Units for a period terminating on the first day of the fourth calendar month following the month in which the closing of the purchase and sale of the first Condominium Unit occurs.

ACCURACY OF ESTIMATED BUDGET:

The amounts shown on the Estimated Operating Budget are estimates of the expenses to be incurred by the Condominium Association. Because these expenses have been estimated prior to the construction and operation of the Condominium, it is anticipated that the actual expenses as to any item, or as to the total expense to be incurred, will be different from the amounts indicated in the budget based upon actual operation, and accordingly, no representation is made as to the accuracy of the amounts shown on the Estimated Operating Budget.

purposes for which they are intended, but no such use shall hinder or encroach upon the lawful rights of other UNIT OWNERS. There shall be a joint use of the COMMON ELEMENTS and a joint and mutual easement for that purpose is hereby created.

7. Restraint Upon Separation and Partition of COMMON ELEMENTS. The fee title of each CONDOMINIUM PARCEL shall include both the UNIT and an undivided interest in the COMMON ELEMENTS, said undivided interest in the COMMON ELEMENTS to be deemed to be conveyed or encumbered with its respective UNIT, even though the description in the deed or instrument of conveyance may refer only to the fee title to the UNIT. Any attempt to separate and/or action to partition the fee title to a UNIT from the undivided interest in the COMMON ELEMENTS appurtenant to each UNIT shall be null and void.

8. Undivided Share in the COMMON ELEMENTS. Each UNIT shall have an undivided share in the COMMON ELEMENTS as an appurtenance to the UNIT, which undivided share shall be based upon the number of bedrooms in the UNIT. For the purpose of determining the undivided share in the COMMON ELEMENTS appurtenant to a UNIT, each UNIT shall be assigned a "relative value", which for a 2-bedroom UNIT will be equal to 10, and for a 3-bedroom UNIT will be equal to 12.5 (for purposes of determining the relative value of a UNIT, any den will be considered a bedroom). Each UNIT's undivided share in the COMMON ELEMENTS will then be equal to the relative value assigned to the UNIT, divided by the total of the relative values assigned to all of the UNITS in the CONDOMINIUM from time to time. In accordance with the foregoing formula, each UNIT's present undivided share in the COMMON ELEMENTS is set forth in Exhibit "D" attached hereto, which will be redetermined if and when each phase is added to the CONDOMINIUM as described in Paragraph 23 of this DECLARATION.

9. COMMON EXPENSE and COMMON SURPLUS.

9.1. Each UNIT OWNER will be responsible for a proportionate share of the COMMON EXPENSES, equal to the undivided share in the COMMON ELEMENTS appurtenant to the UNIT OWNERS's UNIT as determined above. In the event the ASSOCIATION operates more than one (1) condominium, the COMMON EXPENSES of this CONDOMINIUM shall include all expenses specifically relating to this CONDOMINIUM, as well as this CONDOMINIUM's share of all mutual expenses relating to this and other condominiums operated by the ASSOCIATION, as reasonably determined by the BOARD. The ASSOCIATION may provide basic cable television service or contract for same, and, in that event, the charges associated with same are hereby declared to be a common expense and shall be treated as such.

9.2. Any COMMON SURPLUS of the ASSOCIATION shall be owned by each UNIT OWNER in the same proportion as his liability for COMMON EXPENSES. In the event the ASSOCIATION operates more than one condominium, then the UNIT OWNERS in this CONDOMINIUM shall only have an interest in the COMMON SURPLUS of the ASSOCIATION attributable to this CONDOMINIUM.

10. Maintenance. The responsibility for maintenance by the ASSOCIATION and by the UNIT OWNERS shall be as follows:

10.1. By the ASSOCIATION. The ASSOCIATION shall operate, maintain, repair and replace, as a COMMON EXPENSE.

10.1.1. ALL COMMON ELEMENTS and LIMITED COMMON ELEMENTS, except for portions to be maintained by the UNIT OWNERS as hereinafter provided.

10.1.2. All exterior and structural BUILDING walls, whether inside or outside of a UNIT, and the exterior painting of all doors on the exterior of any UNIT.

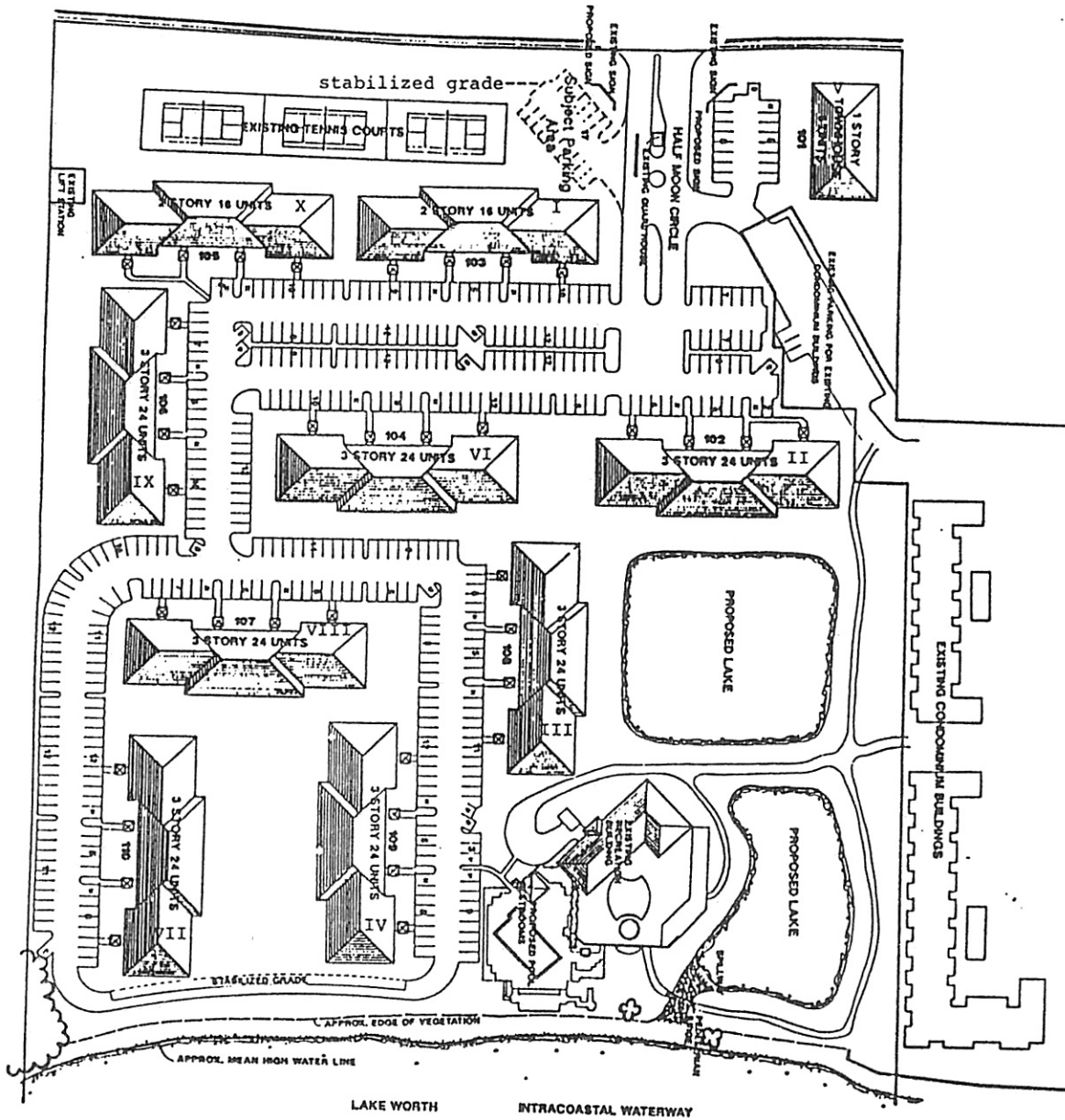
10.1.3. All conduits, ducts, plumbing, wiring and other facilities for the furnishing of utility services which are contained in the portion of a UNIT contributing to the support of the BUILDING or to another UNIT, or within interior boundary

EXHIBIT "10" TO PROSPECTUS

This site plan is preliminary only, and is subject to change at the Developer's discretion.

HALF MOON BAY, A CONDOMINIUM, is planned to include Buildings 101 - 110 as shown on the site plan.

U.S. HIGHWAY NO. 1



This Instrument was Prepared by
and Should be Returned to:

SUPPLEMENT TO MASTER DECLARATION OF COVENANTS,
CONDITIONS, RESTRICTIONS AND EASEMENTS

This Supplement to Master Declaration of Covenants, Conditions, Restrictions and Easements made this _____ day of _____, 1989, by K. HOVNIANIAN AT HALF MOON BAY, INC., a Florida corporation ("Declarant").

WITNESSETH:

WHEREAS, Mackle Development Corporation, a Florida corporation ("Mackle"), recorded that certain Master Declaration of Covenants, Conditions, Restrictions and Easements dated October 6, 1988, and recorded October 12, 1988, in Official Record Book 5836, Page 770, of the Public Records of Palm Beach County, Florida ("Declaration"); and

WHEREAS, pursuant to that certain instrument entitled "Assignment of Declarant's Rights and Reservations", which instrument is attached as Exhibit "A" to the Amendment to the Declaration being recorded simultaneously hereto, by Mackle Development Corporation, Mackle Development Corporation assigned unto K. Hovnianian at Half Moon Bay, Inc., a Florida Corporation, (hereinafter referred to as "Hovnianian"), all of the rights and reservations of Mackle Development Corporation in its capacity as Declarant under the Declaration; and,

WHEREAS, by virtue of said Assignment, K. Hovnianian at Half Moon Bay, Inc., became the Declarant under the Declaration; and

WHEREAS, pursuant to Article VI, Section 3, of the Declaration, the procedure is set forth whereby additional real property might be annexed and designated as "Recreation Property" (as that term is defined in the Declaration); and

WHEREAS, pursuant to Section 3 of Article VI of the Declaration, the Declarant does hereby desire to annex the Surface Water Management System (known as the Lake Tract), Open Space Tract 1 and Open Space Tract 2 to the Recreation Property, thereby bringing the foregoing within the scheme of the Declaration.

NOW, THEREFORE, the Declarant does hereby declare that the Lake Tract, Open Space Tract 1 and Open Space Tract 2, as set forth in the Plat of "Half Moon Bay" as recorded, or to be recorded, in the Public Records of Palm Beach County, Florida, are hereby brought within the scheme of the Master Declaration of Covenants, Conditions, Restrictions and Easements and are declared to be Recreation Property as that term is defined in the Declaration. All the terms, covenants, conditions and restrictions of said Declaration are incorporated herein by reference, thereby subjecting the Lake Tract, Open Space Tract 1 and Open Space Tract 2 to such

terms, covenants, conditions and restrictions, as fully as though the foregoing were described in Exhibit A to the Declaration.

IN WITNESS WHEREOF, the undersigned in its capacity as the Declarant of the Declaration, has hereunto set its hand and seal this ____ day of _____, 1989.

Signed, Sealed and Delivered
in the Presence of:

K. HOVNANIAN AT HALF MOON BAY, INC.
a Florida corporation

BY: _____
Its _____ President

(CORPORATE SEAL)

STATE OF FLORIDA)
) SS:
COUNTY OF)

I HEREBY CERTIFY that on this day, before me, an officer duly authorized in the State aforesaid and in the County aforesaid to take acknowledgments, personally appeared _____ well known to me to be the person described in and who executed the foregoing instrument as _____ of K. HOVNANIAN AT HALF MOON BAY, INC., a Florida corporation, and he acknowledged before me that he executed the same in the presence of two subscribing witnesses freely and voluntarily under authority duly vested in him by said corporation and that the seal affixed thereto is the true corporate seal of said corporation.

WITNESS my hand and official seal in the County and State last aforesaid this _____ day of _____, 19__.

(NOTARIAL IMPRESSION SEAL)

Notary Public

My Commission Expires:

This Instrument Prepared by
and Should be Returned to:

AMENDMENT TO MASTER DECLARATION OF COVENANTS,
CONDITIONS, RESTRICTIONS AND EASEMENTS

This Amendment to Master Declaration of Covenants, Conditions, Restrictions and Easements made by Half Moon Bay Master Association, Inc., a Florida not-for-profit corporation (hereinafter referred to as "Operator").

W I T N E S S E T H:

WHEREAS, Mackle Development Corporation, a Florida corporation, as Declarant executed and recorded in the Public Records of Palm Beach County, Florida, that certain Master Declaration of Covenants, Conditions, Restrictions and Easements ("Declaration") recorded October 12, 1988, in Official Record Book 5836, Page 770, of the Public Records of Palm Beach County, Florida; and,

WHEREAS, pursuant to that certain instrument entitled "Assignment of Declarant's Rights and Reservations", attached hereto as Exhibit "A", by Mackle Development Corporation, Mackle Development Corporation assigned unto K. Hovnanian at Half Moon Bay, Inc., Florida corporation, (hereinafter referred to as "Hovnanian"), all the rights and reservations of Mackle Development Corporation in its capacity as "Declarant" under the Declaration; and,

WHEREAS, Hovnanian has caused to be formed that certain Florida not-for-profit corporation known as "Half Moon Bay Master Association, Inc." (herein referred to as "Operator"), which Association is the Owner of the "Recreation Property" as that term is defined in the Declaration; accordingly, such Association is the "Operator" defined in the Declaration; and,

WHEREAS, pursuant to Section 1 of Article IX of the Declaration, the Declaration may be amended by Operator in any manner provided that such amendment is in writing, executed by the Operator and approved by the Declarant; and

WHEREAS, Operator desires to amend the Declaration hereinafter set forth.

NOW, THEREFORE, Operator hereby declares that the Declaration is hereby amended as follows (underlined words have been added):

1. There is hereby added a Section 9 to Article I, follows:

Section 1. "Surface Water Management System" shall mean and refer to the "Lake Tract" as set forth in the Plat of "Half Moon Bay" as recorded, or to be recorded, in the Public Records of Palm Beach County, Florida, together with all related appurtenances thereto, located within the project known as "Half Moon Bay". Said Lake Tract, by virtue of a Supplement to the Declaration recorded simultaneously herewith, have been made a portion of the "Recreation Property".

2. There is hereby added Paragraph E. to Section 1 of Article II, as follows:

E. Declarant hereby reserves the right to grant, in its sole discretion, a Conservation Easement upon all or a portion of "Open Space Tract 2", which parcel is set forth in the Plat of Half Moon Bay, as recorded or to be recorded in the Public Records of Palm Beach County, Florida, which Open Space Tract 2 is situated along the waterfrontage of the property subject to this Declaration. Such Conservation Easement may contain such terms and conditions as are required by all applicable governmental agencies in order to permit development of the project, including but not limited to construction of piers, docks, and other appurtenances upon the project. Declarant may cause to be constructed piers, docks and other related appurtenances upon "Open Space Tract 2", extending into the coastal waters adjacent thereto, and the construction of such improvements upon "Open Space Tract 2" shall not be considered an unreasonable interference with any intended uses thereof. Usage of any such piers or docks, including improvements and appurtenances relating thereto located upon "Open Space Tract 2" shall be as solely determined by Declarant, and all such improvements shall not be considered a portion of the Recreation Property under the jurisdiction of this Declaration or of the Half Moon Bay Master Association, Inc. It is specifically contemplated by Declarant that in the event that docks are constructed, the same may be made available to such persons as are solely determined by Declarant, upon payment of compensation as solely determined by Declarant, and any such compensation shall belong solely to Declarant. The reservations and easements as set forth in this paragraph shall be perpetual, and the rights and easements enjoyment in and to the Recreation Property of all Owners are subject to and limited by the provisions hereof.

3. Section 1 of Article IX is hereby amended as follows:

Section 1. Amendments. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty-five (25) years from the date this Declaration is recorded after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended by the Operator in any manner provided that such amendment is in writing and executed by the Operator and approved by either of the following:

A. The Declarant; or

B. The Secretary of the Half Moon Bay Condominium Association, Inc. certifying that such amendment was approved by a majority of those members present at a duly called and held meeting of such association.

4. There is hereby added a Section 3 to Article IX, as follows:

Section 3. Surface Water Management System. Any amendment to this Declaration which would affect the Surface Water Management System may be made without the prior approval of the South Florida Water Management District.

5. There is hereby added "Article X, SURFACE WATER MANAGEMENT SYSTEM" as follows:

ARTICLE X

SURFACE WATER MANAGEMENT SYSTEM

Section 1. Maintenance. The Operator shall be obligated to maintain the Surface Water Management System including, but not

limited to all lakes, retention areas, culverts and related appurtenances.

Section 2. Costs and Expenses. All costs and expenses associated with the Operator's maintenance of the Surface Water Management System shall be a Common Expense, as defined in the Declaration, and shall be assessed to all Owners pursuant to the provisions of Article IV hereof.

IN WITNESS WHEREOF, the undersigned, being the Operator hereunder, has hereunto set its hand and seal this _____ of _____, 1989.

OPERATOR

HALF MOON BAY MASTER ASSOCIATION, INC
A Florida not-for-profit corporation

By: _____
Its _____ President
(Corporate Seal)

STATE OF FLORIDA)
) SS:
COUNTY OF PALM BEACH)

I HEREBY CERTIFY that on this day, before me, an officer authorized in the State aforesaid and in the County aforesaid to take acknowledgments, personally appeared _____ known to me to be the person described in and who executed foregoing instrument as _____ President of Half Moon Bay Master Association, Inc., a Florida not-for-profit corporation, and acknowledged before me that he executed the same in the presence of two subscribing witnesses freely and voluntarily under authority vested in him by said corporation and that the seal affixed thereto is the true corporate seal of said corporation.

WITNESS my hand and official seal in the County and State aforesaid this _____ day of _____, 1989.

Notary Public
(NOTARIAL IMPRESSION SEAL) My Commission Expires:

CONSENT AND APPROVAL

K. Hovnanian at Half Moon Bay, Inc., a Florida Corporation in its capacity as Declarant under the Declaration, as hereinabove described, does hereby consent and approve this Amendment to the Declaration.

IN WITNESS WHEREOF, the undersigned has set its hand and seal as of the _____ day of _____, 1989.

K. HOVNANIAN AT HALF MOON BAY, INC.

By _____
Its _____ President
(CORPORATE SEAL)

STATE OF FLORIDA)
) ss:
COUNTY OF PALM BEACH)

The foregoing instrument was acknowledged before me this ____
day of _____, 1989, by _____
as the _____ President of K. HOVNANIAN AT HALF MOON BAY
INC., a Florida corporation, for and on behalf of the corporation.

My Commission Expires:

NOTARY PUBLIC

(NOTARIAL IMPRESSION SEAL)

ASSIGNMENT OF DECLARANT'S RIGHTS AND RESERVATIONS

FOR VALUE RECEIVED, as of the 6th day of October, 1988, MACKLE DEVELOPMENT CORPORATION, a Florida Corporation, ("Assignor") doe hereby assign, convey, transfer, set over unto K. HOVNANIAN AT HAL MOON BAY, INC., a Florida Corporation ("Assignee"), all of Assignor' rights and reservations as the "Declarant" set forth in that certai "Master Declaration of Covenants, Conditions, Restrictions an Easements" dated October 6, 1988, recorded October 12, 1988, i Official Record Book 5836, Page 770, Public Records of Palm Beac County, Florida.

IN WITNESS WHEREOF, the Assignor has executed this Assignmen on the 30 day of APRIL, 1989.

WITNESSES:

MACKLE DEVELOPMENT CORPORATION,
a Florida corporation

[Signature]

By, [Signature]
Its President

(CORPORATE SEAL)

Elizabeth C. Wilbur

STATE OF FLORIDA)
COUNTY OF DADE) ss:

The foregoing instrument was acknowledged before me this 3rd day of APRIL, 1989, by ROBERT F. MACKLE JR. as the President of MACKLE DEVELOPMENT CORPORATION a Florida corporation, for and on behalf of the corporation.

[Signature]
NOTARY PUBLIC

My Commission Expires:

(NOTARIAL IMPRESSION SEAL)

NOTARY PUBLIC, STATE OF FLORIDA.
MY COMMISSION EXPIRES: DEC. 25, 1991.
BONDED THRU NOTARY PUBLIC UNDERWRITER.



AMENDMENT TO CONDOMINIUM DOCUMENTS

FOR

HALF MOON BAY, A CONDOMINIUM

- A) Name and Location of Condominium. HALF MOON BAY, A CONDOMINIUM, 7070 U.S. Highway No. 1, Hypoluxo, Florida 33462.
- B) Developer Name and Mailing Address. K. HOVNANIAN AT HALF MOON BAY, INC., 1800 South Australian Avenue, Suite 400, West Palm Beach, Florida 33409.
- C) Division Identification Number. PR1P020642
- D) Identification of Document to which Amendment applies.
1. Exhibit "1".
 2. Exhibit "6".
 3. Exhibit "10".
 4. Exhibit "11".

AMENDMENT ADDING BASIC CABLE TELEVISION SERVICE TO BUDGETS AND NOTES; DELETING CHARGES FOR SECURITY SERVICE FROM BUDGET AND NOTES; ADDING BASIC CABLE TELEVISION SERVICE TO DECLARATION/Common EXPENSES; REVISE SITE PLAN; ADD SUPPLEMENT AND AMENDMENT TO MASTER DECLARATION.

AMENDMENT TO CONDOMINIUM DOCUMENTS

FOR

HALF MOON BAY, A CONDOMINIUM

- A) Name and location of condominium. HALF MOON BAY, A CONDOMINIUM, 7070 U.S. Highway No. 1, Hypoluxo, Florida 33462.
- B) Developer name and mailing address. K. HOVNANIAN AT HALF MOON BAY, INC., 1800 South Australian Avenue, Suite 400, West Palm Beach, Florida 33409.
- C) Division Identification Number. PR1P020642
- D) Identification of Document to which Amendment applies.
1. Exhibit "2".
 2. Exhibit "4".

PROSPECTUS

FOR

HALF MOON BAY, A CONDOMINIUM

1. THIS PROSPECTUS (OFFERING CIRCULAR) 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 (OFFERING CIRCULAR) AND ITS EXHIBITS FOR CORRECT REPRESENTATIONS.

SUMMARY

1. THIS CONDOMINIUM IS CREATED AND BEING SOLD AS FEE SIMPLE INTERESTS.
2. THE UNITS MAY BE TRANSFERRED SUBJECT TO A LEASE.
3. THERE IS (IS TO BE) A CONTRACT FOR THE MANAGEMENT OF THE CONDOMINIUM PROPERTY WITH PROPERTY RESOURCES MANAGEMENT CO., INC.
4. THE DEVELOPER (OR OTHER PERSON) HAS THE RIGHT TO CONTROL OF THE ASSOCIATION AFTER A MAJORITY OF THE UNITS HAVE BEEN SOLD.
5. THE SALE, LEASE OR TRANSFER OF UNITS IS RESTRICTED OR CONTROLLED.
6. THIS IS A PHASE CONDOMINIUM. ADDITIONAL LAND AND UNITS MAY BE ADDED TO THIS CONDOMINIUM.
7. BUILDINGS AND UNITS WHICH ARE ADDED TO THE CONDOMINIUM MAY BE SUBSTANTIALLY DIFFERENT FROM THE OTHER BUILDINGS AND UNITS IN THE CONDOMINIUM.
8. THERE IS A LIEN OR LIEN RIGHT AGAINST EACH UNIT TO SECURE THE PAYMENT OF ASSESSMENTS OR OTHER EXACTIONS COMING DUE FOR THE USE, MAINTENANCE, UPKEEP, OR REPAIR OF THE RECREATIONAL OR COMMONLY USED FACILITIES. THE UNIT OWNER'S FAILURE TO MAKE THESE PAYMENTS MAY RESULT IN FORECLOSURE OF THE LIEN.
9. RECREATIONAL FACILITIES MAY BE EXPANDED OR ADDED WITHOUT CONSENT OF UNIT OWNERS OR THE ASSOCIATION.

HALF MOON BAY, A CONDOMINIUM

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PROSPECTUS

- Exhibit 1 - Estimated Budget
- Exhibit 2 - Schedule of Closing Expenses
- Exhibit 3 - Floor Plans
- Exhibit 4 - Form Purchase Agreement
- Exhibit 5 - Escrow Agreement
- Exhibit 6 - Declaration of Condominium

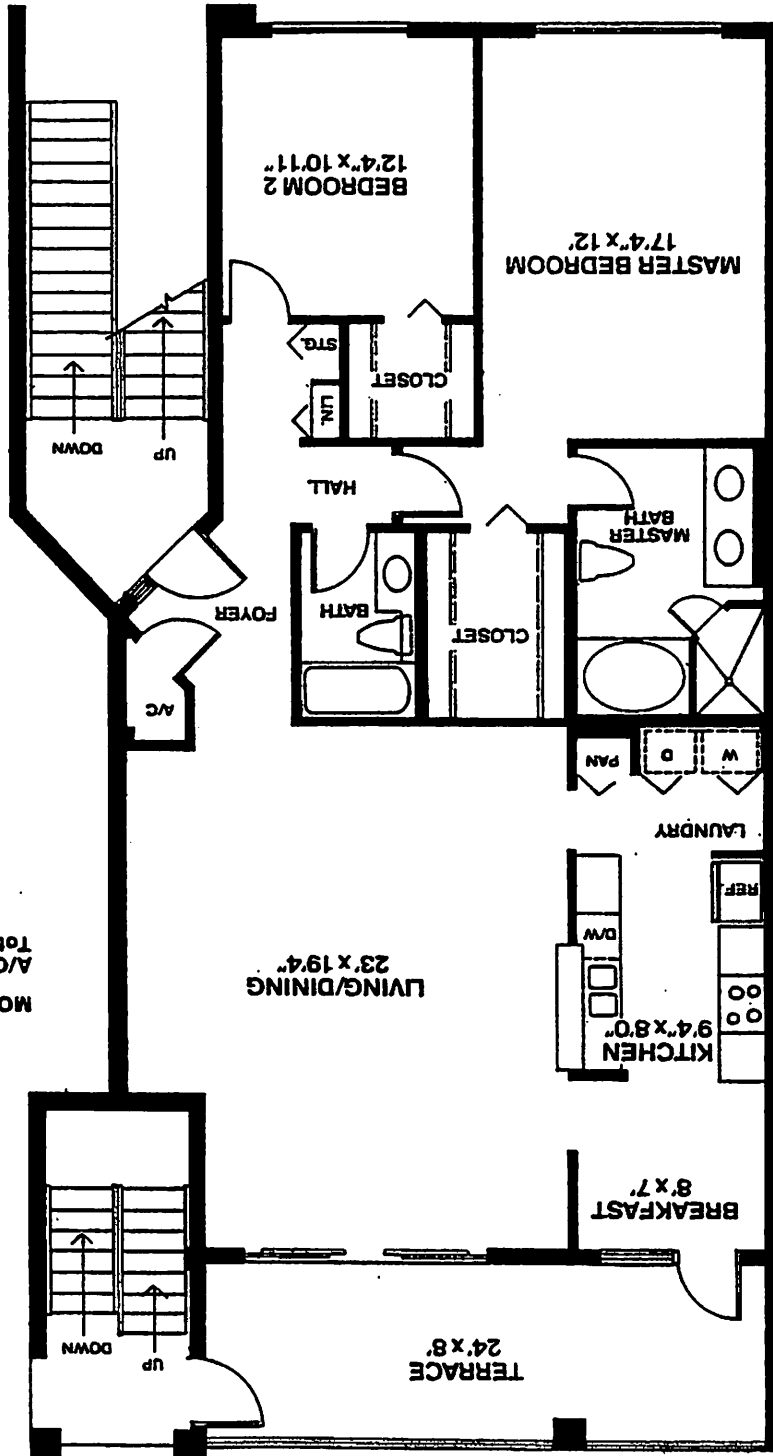
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Exhibit 8 - Management Agreement	
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Exhibit 10 - Site Plan for Half Moon Bay	

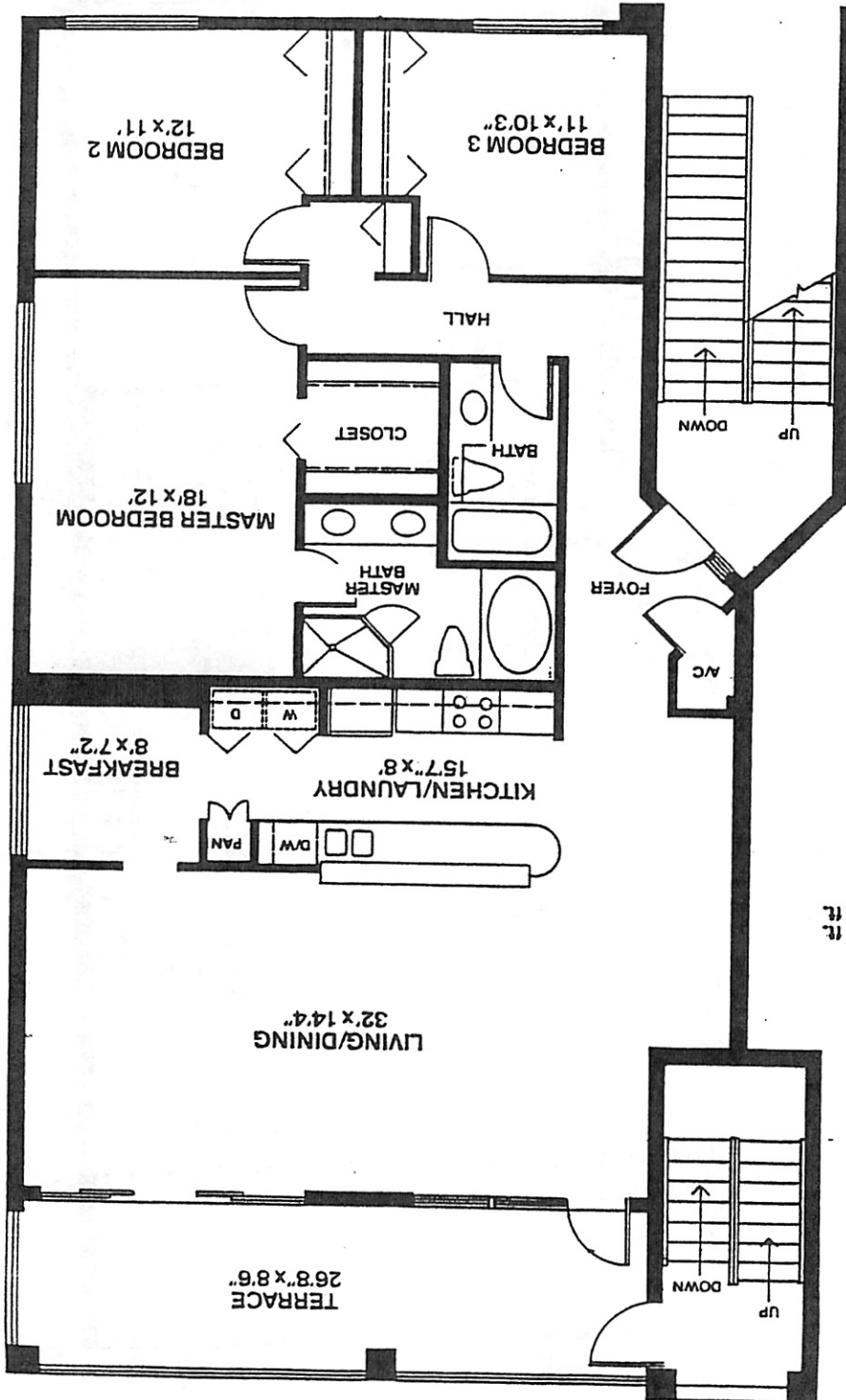
- Exhibit 11 - Master Declaration of Covenants, Conditions,
Restrictions and Easements for Half Moon Bay
Recreation property.
- Exhibit 12 - Articles of Incorporation of Half Moon Bay
Master Association, Inc.
- Exhibit 13 - Bylaws of Half Moon Bay Master Association, Inc.
- Exhibit 14 - Receipt for Condominium Documents

EXHIT "3"
TO
PROSPECTUS

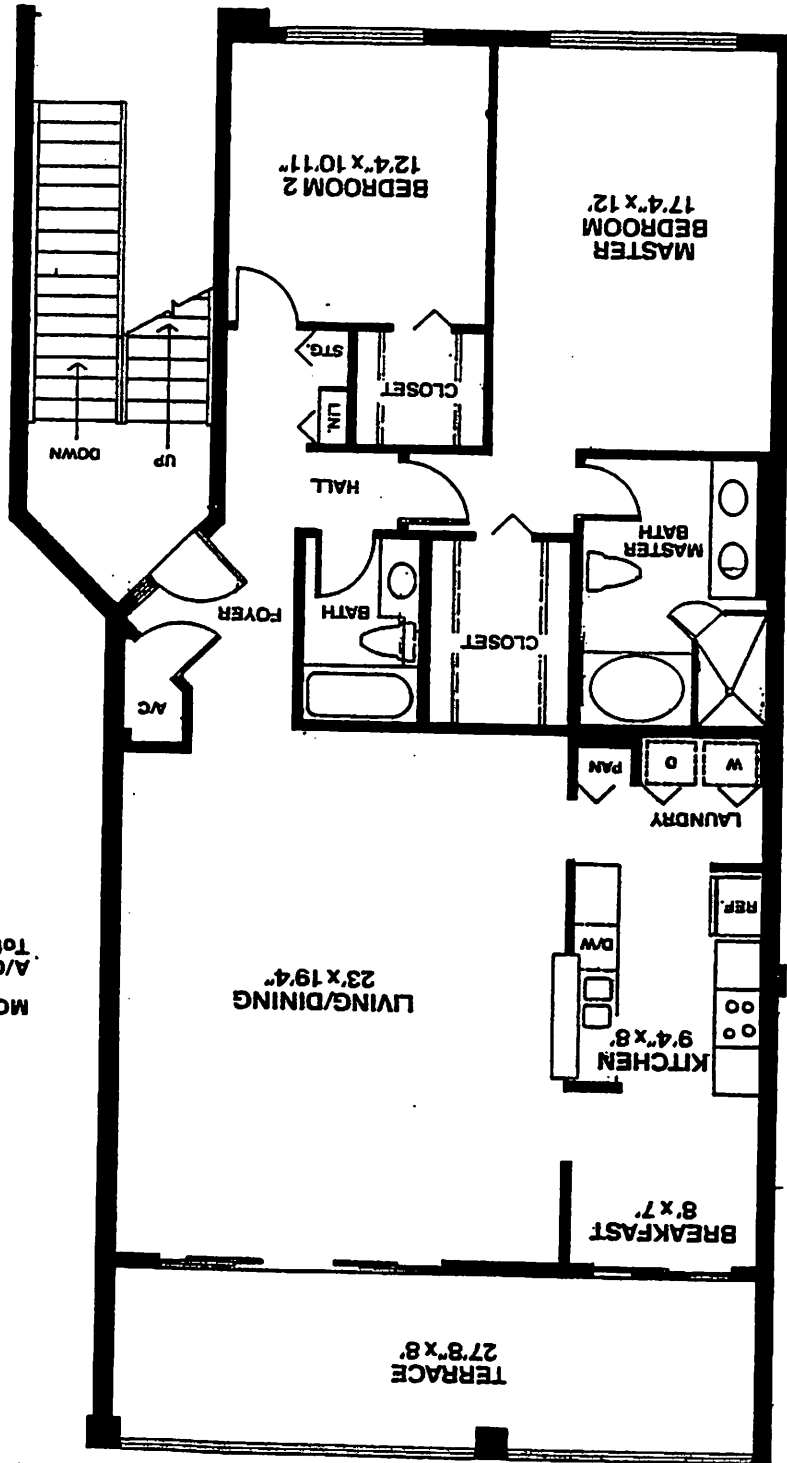
1. The attached floor plans are the present floor plans offered by the Developer in the Condominium. The Developer reserves the right to offer additional floor plans, or to delete some of the floor plans being offered in the Condominium.
2. All dimensions shown on the floor plans are approximate, and changes in the floor plans may occur in the construction of the Units.
3. Any unit may contain a floor plan which is the reverse or a mirror image of the attached floor plan.

MODEL GH 1450
A/C Living Space 1415 sq. ft.
Total Living Space 1616 sq. ft.

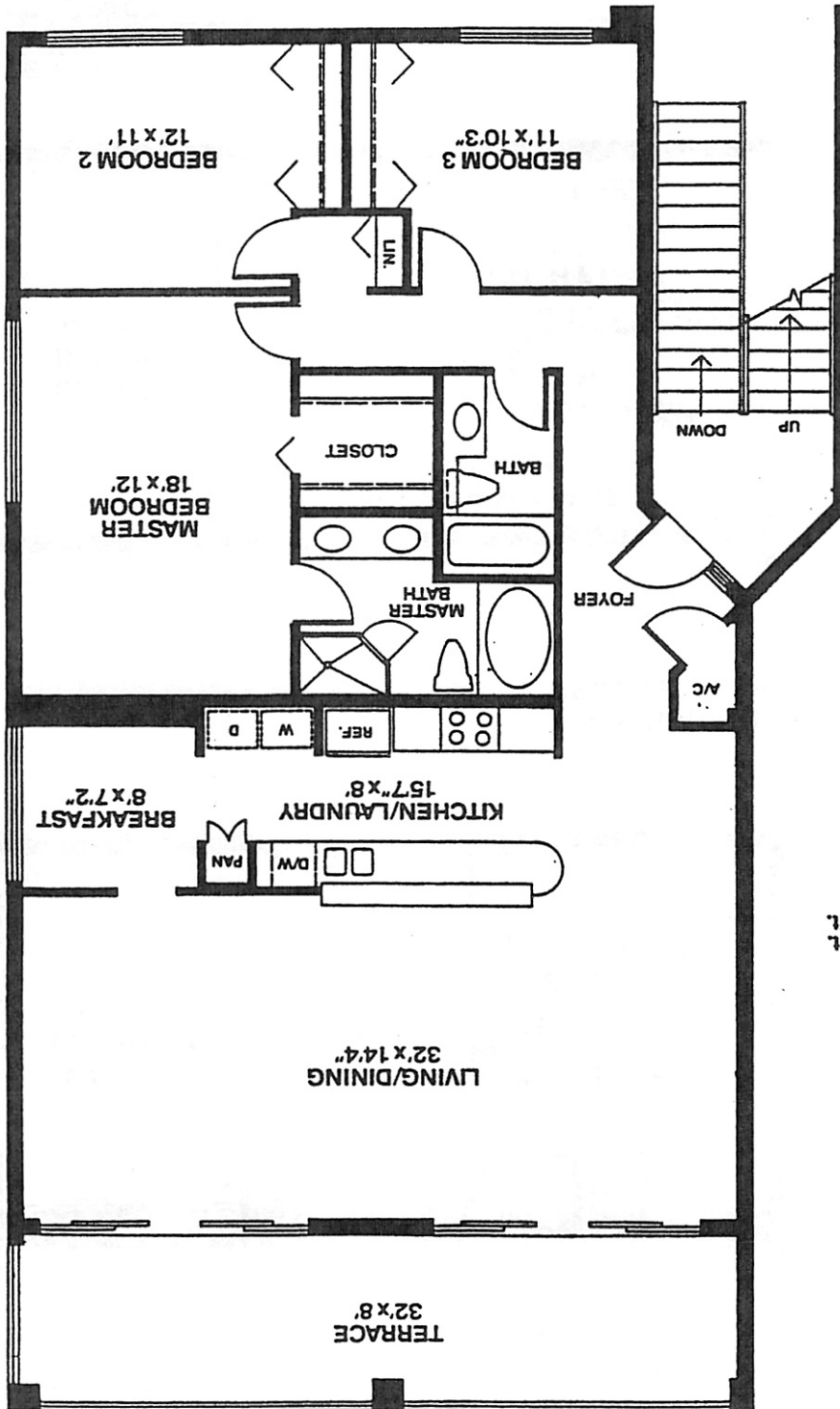




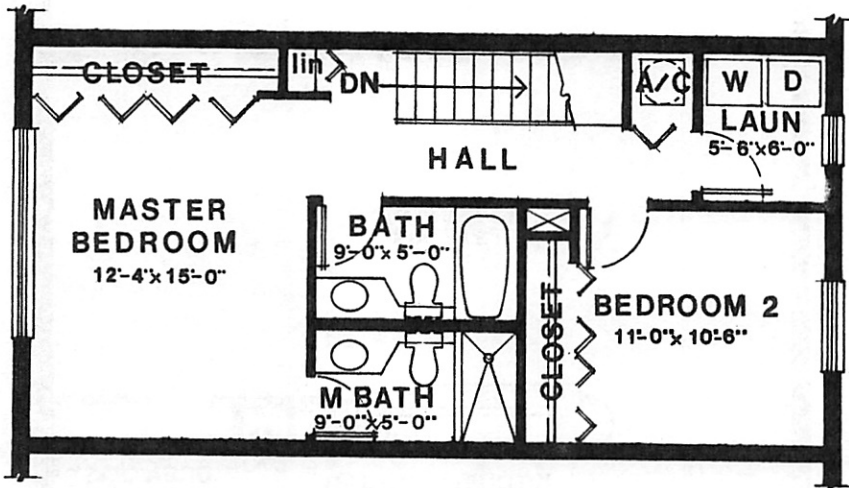
DEL GH 1850
 A/C Living Space 1670 sq. ft.
 Total Living Space 1909 sq. ft.



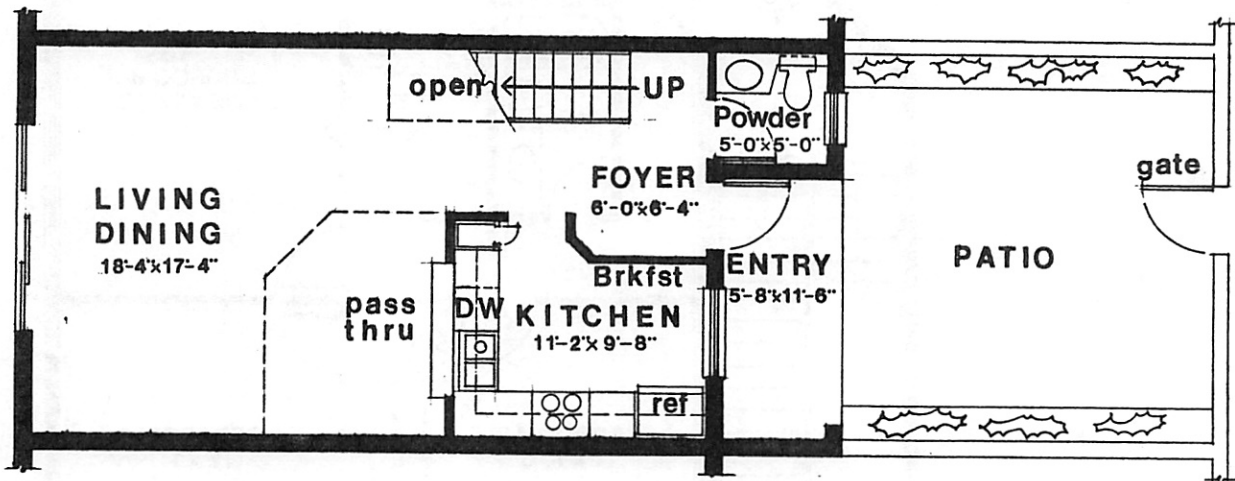
MODEL GH 1550
 A/C Living Space 1438 sq. ft.
 Total Living Space 1663 sq. ft.



MODEL GH 1950
 A/C Living Space 1692 sq. ft.
 Total Living Space 1956 sq. ft.



TWO BEDROOM UNIT
SECOND FLOOR PLAN

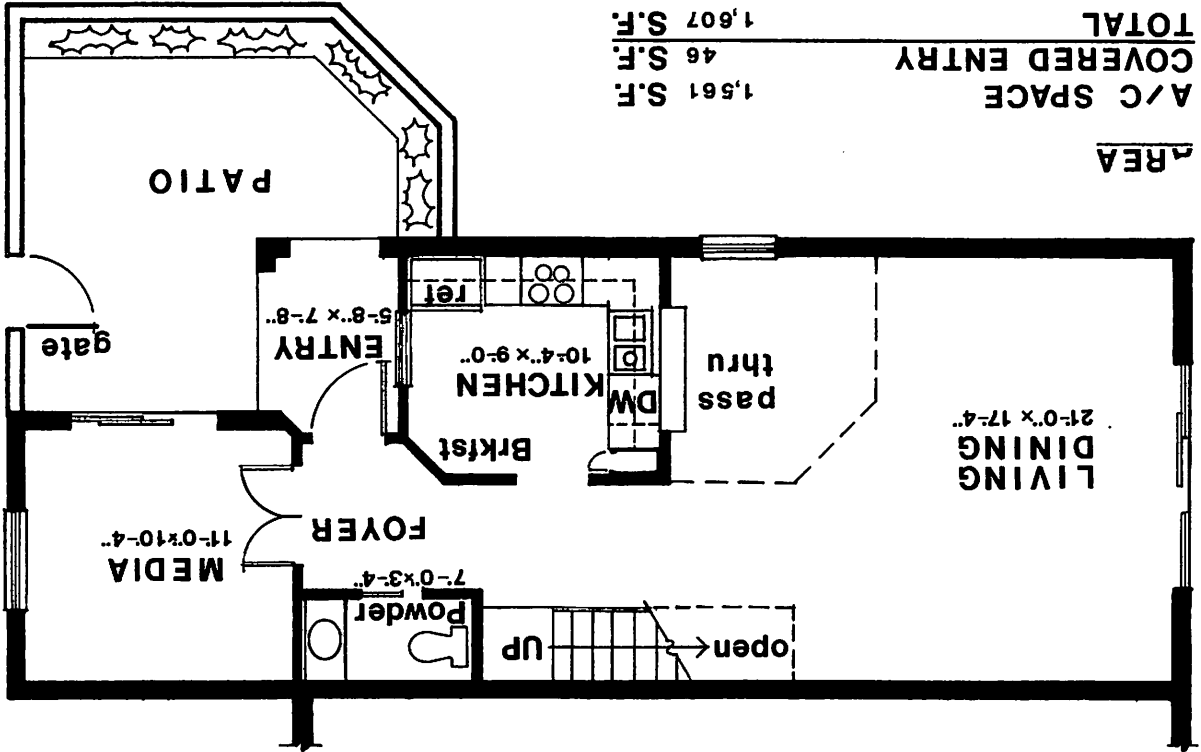


AREA

A/C SPACE	1,258 S.F.
COVERED ENTRY	62 S.F.
TOTAL	1,320 S.F.

TWO BEDROOM UNIT / MODEL 1320
FIRST FLOOR PLAN

THREE BEDROOM UNIT / MODEL 1607
FIRST FLOOR PLAN



THREE BEDROOM UNIT / MODEL 1607
SECOND FLOOR PLAN

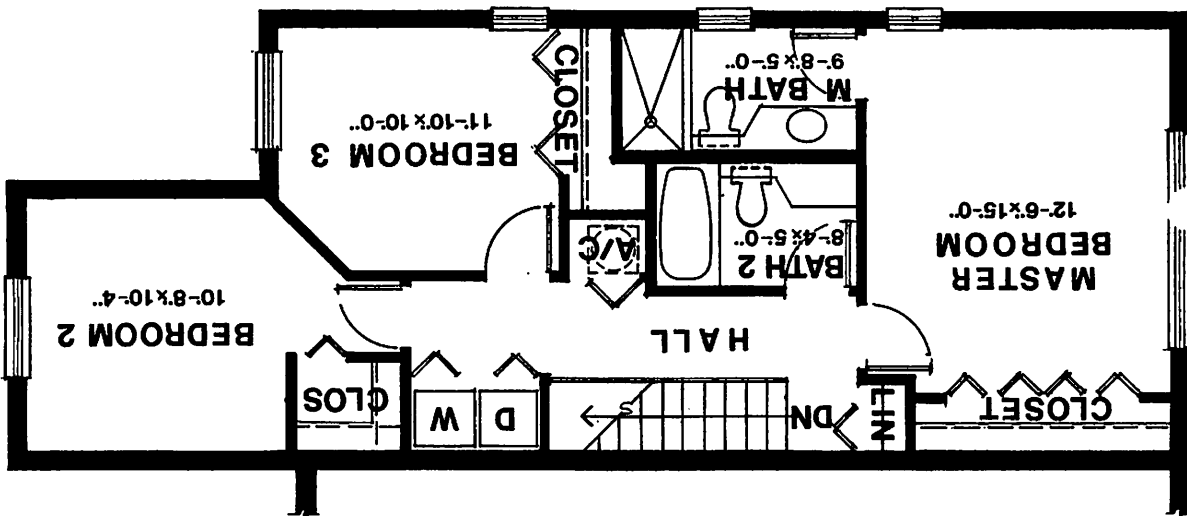


EXHIBIT "4" TO PROSPECTUS

HALF MOON BAY, A CONDOMINIUM
TERMS AND CONDITIONS - PURCHASE AGREEMENT

This CONTRACT is made between the SELLER and the PURCHASER(S) identified in the attached SUMMARY SHEET, upon the following terms and conditions. In this CONTRACT the words "I", "me", "my" and "mine" mean the PURCHASER(S). The words "you" and "your" mean SELLER. "We" and "our" mean all parties to this CONTRACT.

ORAL REPRESENTATIONS CANNOT BE RELIED UPON AS CORRECTLY STATING THE REPRESENTATIONS OF THE DEVELOPER. FOR CORRECT REPRESENTATIONS, REFERENCE SHOULD BE MADE TO THIS CONTRACT AND THE DOCUMENTS REQUIRED BY FLORIDA STATUTES SECTION 718.503 TO BE FURNISHED BY A DEVELOPER TO A BUYER OR LESSEE.

ANY PAYMENT IN EXCESS OF TEN PERCENT (10%) OF THE PURCHASE PRICE MADE TO DEVELOPER PRIOR TO CLOSING PURSUANT TO THIS CONTRACT MAY BE USED FOR CONSTRUCTION PURPOSES BY THE DEVELOPER.

THIS AGREEMENT IS VOIDABLE BY BUYER BY DELIVERING WRITTEN NOTICE OF THE BUYER'S INTENTION TO CANCEL WITHIN 15 DAYS AFTER THE DATE OF EXECUTION OF THIS AGREEMENT BY THE BUYER, AND RECEIPT BY BUYER OF ALL OF THE ITEMS REQUIRED TO BE DELIVERED TO HIM BY THE DEVELOPER UNDER SECTION 718.503, FLORIDA STATUTES. THIS AGREEMENT IS ALSO VOIDABLE BY BUYER BY DELIVERING WRITTEN NOTICE OF THE BUYER'S INTENTION TO CANCEL WITHIN 15 DAYS AFTER THE DATE OF RECEIPT FROM THE DEVELOPER OF ANY AMENDMENT WHICH MATERIALLY ALTERS OR MODIFIES THE OFFERING IN A MANNER WHICH IS ADVERSE TO THE BUYER. ANY PURPORTED WAIVER OF THESE VOIDABILITY RIGHTS SHALL BE OF NO EFFECT. BUYER MAY EXTEND THE TIME FOR CLOSING FOR A PERIOD OF NOT MORE THAN 15 DAYS AFTER THE BUYER HAS RECEIVED ALL OF THE ITEMS REQUIRED. BUYER'S RIGHT TO VOID THIS AGREEMENT SHALL TERMINATE AT CLOSING.

1. AGREEMENT TO SELL. I agree to buy the unit identified in the attached SUMMARY SHEET from you, in HALF MOON BAY, A CONDOMINIUM (the "CONDOMINIUM") upon the terms and conditions set forth herein, which will survive the closing.

2. MORTGAGE PROVISIONS. The following provisions will only apply if this is a mortgage purchase as indicated below:

2.1. Within 20 days after the date of this CONTRACT I will make a good-faith application for a mortgage loan with the lender designated below or another lender approved by you in writing. I will completely and truthfully supply all information and documents required in connection with my application, and within 5 days after request for any reason I will provide any further information or documents to the lender. I will notify you within 2 working days after my application is approved or rejected.

2.2. The mortgage I apply for will be in the amount indicated above, and will provide for an interest rate, payment terms, and other terms and conditions of the lender prevailing on the date of closing, or otherwise established or agreed to by the lender. I understand any interest rates or mortgage terms disclosed to me are merely informational and may change at the closing, and you are not bound by any such disclosures unless set forth in this CONTRACT.

2.3. If I comply with all the above requirements and my application is rejected or not unconditionally approved within 60 days after the date of this CONTRACT, or within 10 days before the closing, whichever occurs first, then at any time thereafter you may request me to apply for a mortgage with up to 2 additional lenders selected or approved by you, and I will do so within 5 days after your request and all of the provisions of this paragraph will apply to my reapplication. If you do not request me to reapply with another lender, or if my reapplications are rejected, you may either (i) give me a mortgage at generally prevailing rates and terms, or (ii) refund my deposits to me and terminate this CONTRACT, unless we agree in writing this will be a cash sale. However, if I do not get mortgage approval because I failed to complete any application form or supply any information, or because my application contained untrue or inaccurate information or information that could not be verified, or because I failed to comply with any of the requirements of this Paragraph 2, I will not be entitled to terminate this CONTRACT and this CONTRACT will be deemed a cash sale, or at your option you may declare me in default. If I am unable to obtain mortgage approval due to an adverse change in my personal or financial condition occurring after I first apply for a mortgage, or if the lender withdraws my approval after approving me, I will not be entitled to terminate this CONTRACT and this will be deemed a cash sale, or at your option you may terminate this CONTRACT and refund my deposit to me. If my approval is subject to a condition or contingency you may reject the approval by written notice to me and then my approval will be deemed rejected; otherwise I will be required to satisfy the condition or contingency prior to the closing.

2.4. If I am approved for a mortgage which is less than the amount indicated above I will accept the mortgage and pay the difference at the closing, except if the difference exceeds \$1,000.00 I may reject the mortgage by written notice delivered to you within 5 days after I am notified of such approval, in which event my application will be deemed rejected unless you agree to give me a second mortgage equal to the difference on the same terms and conditions as the mortgage I am approved for.

2.5. If (i) I am married, my spouse will join in my application and will execute all mortgage documents; (ii) I am a corporation, partnership or other entity, my principals and their spouses will join in my application and execute or guarantee all mortgage documents; and (iii) I am approved for a loan with a co-signer, the co-signer will execute all mortgage documents, if required by my lender, even though these persons may not have executed this CONTRACT, and in the event they fail to do so I will be deemed in default.

2.6. Prior to the closing, I will satisfy any liens or judgments against me that might take priority over my mortgage or that are required to be satisfied by my lender, and if I fail to do so I will be deemed in default.

3. CONSTRUCTION. The following provisions will apply if the construction, furnishing and landscaping of my unit and the phase of the condominium in which my unit is located are not substantially complete on the date of this CONTRACT (if my unit is now completed, I acknowledge I have inspected and approve it, and that I am buying my unit "As Is" except as indicated on any addendum):

3.1. Escrow of Deposits. All deposits paid by me up to 10% of the total purchase price will be held in escrow with First American Bank & Trust, 1926 Tenth Avenue North, Lake Worth, Florida 33461, pursuant to the terms of this CONTRACT and the terms of the escrow agreement included in the condominium documents. By executing this CONTRACT I hereby become a party to the escrow agreement and agree to be bound by its terms. I can obtain a receipt for my deposits from the Escrow Agent upon request. All payments in excess of 10% of the total purchase price received by you prior to completion of construction shall be held in a special escrow account with the Escrow Agent, and you may upon written notice to the Escrow Agent withdraw such funds in excess of 10% of the total purchase price when the construction of improvements including my unit has begun, and you may use such funds in the actual construction and development of the condominium property in which my unit is located. However, you will not use any part of these funds for salaries, commissions, or expenses of salesmen or for advertising purposes.

3.2. Construction. You agree to construct my unit in substantial conformance with the plans and specifications on file in your office, which I can inspect upon reasonable notice, and, where applicable, similar to an existing model of my unit. I understand my unit may be the reverse or mirror image of the floor plan of any model or that shown on your sales brochures or other materials. I understand dimensions shown in your plans and in any sales brochure are approximate and may change due to field conditions. I understand any existing model may contain items or special features which are not included in my purchase, such as furnishings and decorations, wet bars, accessories, window treatments, upgraded carpeting and flooring, wallpaper and other special wall treatments, upgraded fixtures and special lighting effects, mirrors, intercoms and extra or upgraded appliances. I understand the total price only includes the construction of my unit pursuant to your plans and specifications, standard items specified in your sales brochures, and the items or extras in an addendum to this CONTRACT, if any. You reserve the right without liability to me to make any modifications, changes or omissions to my Unit or to the COMMON ELEMENTS as long as they do not substantially and adversely affect me, or if they are required by any governmental authority, and to substitute materials, equipment, cabinets, fixtures, appliances, and/or floor coverings with items of similar or greater quality, utility, value, and/or color. I understand the location of telephone, electric, cable T.V. and other utility outlets, doors, windows, air conditioning components, fixtures and equipment are subject to change. I understand materials such as brick, wood, woodgrain, carpeting, paint, cabinets, cultured marble, tile, mica, and the like, are subject to shading and gradation and may vary from samples, models or color charts, and from piece to piece, and you will not be liable for such variation. You will have complete discretion in "finishing details," including, but not limited to, the exterior of the buildings, landscaping, amenities, and beautification of the CONDOMINIUM. I acknowledge landscaping and exterior amenities around any model building may be more extensive than will be provided for my building.

3.3. Extras. All upgrades, changes and extras I want must be agreed to by you in writing and I must pay for them when ordered. If your cost of making or installing any upgrade, change, or extra exceeds the amount I paid, I will pay such excess amount at the closing. If you omit any upgrades, changes, or extras, you will only have to refund to me the amount I paid to you for each item omitted. Except for such omissions, my payment for any upgrades, changes or extras are not considered deposits and are not refundable for any reason.

3.4. Selections. You may at your option grant me the right to make color, material, appliance, or other selections and I will make those selections within 20 days after the date of this CONTRACT, or 5 days after your request. Once I have made any selections I will not make any further changes. If I fail or refuse to timely make any selections you may make the selections for me. You will use your best efforts to provide me with my selections, but you will not be liable for any substitutions. If my unit is partially or fully completed, I accept all selections which you have made.

3.5. Completion. You anticipate my unit will be completed by the estimated completion date set forth on the attached SUMMARY SHEET, but I understand you cannot guarantee completion by that date. You will not be liable for any delays and you will not have to make, provide or compensate me for any accommodations or costs as a result of any delays, and any delays will not permit me to cancel, amend, or diminish any of my obligations. However, you agree my unit will be completed within 2 years of the date of this CONTRACT, which date may be extended only by acts recognized as constituting justification for legal impossibility under the laws of the State of Florida.

3.6. Interference with Construction. Prior to the closing, I will not put any property in my Unit, enter into my Unit, interfere with the progress of construction or with workmen, or perform any work or make any changes to my Unit, and I will not cause or permit anyone else to do so, including your contractors and suppliers. You will not be liable or responsible for any injury, loss or damage resulting from my violation of this paragraph.

3.7. Completion. The issuance of a certificate of occupancy for my unit will conclusively establish completion of my unit and my unconditional obligation to close. If some items are not finished at closing, I will not hold back any funds or object to a final non-escrow closing.

3.8. Additional Costs. In the event you incur any additional construction costs which are chargeable or proratable to my unit exceeding \$50.00 due to: any new statute, ordinance, rule, regulation or building code, or any change or addition to same, or any change in interpretation or enforcement policies of any governmental authority relating to same; or any new or additional fee or charge imposed by any governmental authority or utility, company; or any increase in the cost of labor or materials over the cost of same as of the date of this CONTRACT, or due to any substantial delay in the construction of my unit beyond your control, you notify me of such cost, and unless I agree in writing within 15 days after such notification to pay for same at the time of closing, you will have the right to terminate this CONTRACT and refund all deposits to me.

3.9. Conditions. If you cannot obtain all utilities, permits and authorizations necessary to construct my unit in accordance with your current plans and specifications in a reasonable time, you may refund all deposits to me and terminate this CONTRACT.

4. CLOSING.

4.1. Date and Place of Closing. You will notify me of the time, place and date of closing, which will be at least 7 days from the date of your notification unless I agree to appear at an earlier closing date. If my unit is not now completed, the closing will be after a certificate of occupancy is issued for my unit. If my unit is now completed, the closing will be held on or about the estimated closing date. You will have the right to delay the closing if you deem it necessary. If I fail to close on the date and time you set, or any extension you agree to in writing, I will be in default. In the event it will be inconvenient for me to attend the closing as required by your notice, then you may permit the closing, including where applicable, the closing of my mortgage, to be effected by mail in which event I will pay the cost of sending the closing documents to me, and within 24 hours after I receive the closing documents I will send them back to you properly executed, along with all monies and closing costs, by overnight delivery. Otherwise I will be required to appear at the time, place and date set forth in your notice in order to effectuate the closing with any other persons required to execute the closing documents.

4.2. Title. At the closing you will convey title to my unit by special warranty deed, subject only to the following: conditions, restrictions, limitations, reservations, agreements, declarations, dedications and easements of record, and existing zoning, as of the date of closing; taxes for the year in which the closing occurs and all subsequent years and pending governmental liens; facts that an accurate survey or personal inspection would disclose; and any mortgage executed by me at closing.

4.3. Closing Documents and Costs. At the closing I will execute any documents required to effectuate the closing of this CONTRACT, the release of all escrowed deposits to you, and, where applicable, the closing of my mortgage. At the closing I will pay the following in cash or by cashier's check:

4.3.1. The balance of the total purchase price, as it may be adjusted pursuant to this CONTRACT.

4.3.2. If you anticipate taxes for the current year will not be separately assessed for my unit, I will pay you a pro rata portion of the estimated real estate taxes for my unit and you will pay the real estate taxes for the current year. If you anticipate current taxes will be separately assessed for my unit, you will reimburse me for your pro rata share of such taxes upon presentation of a tax bill based upon the maximum discount for early payment, unless the tax bill has been issued or paid by you in which event taxes will be appropriately prorated at the closing. If real estate taxes are prorated pursuant to this paragraph prior to the issuance of the actual tax bill, then upon the issuance of the actual tax bill we will re-prorate taxes if either of us so requests, based upon the maximum discount for early payment. I will also pay you any interim or municipal service fees for my unit at the closing.

4.3.3. Any deposits, installation charges, or hook-up fees for utilities for my unit.

4.3.4. A prorated portion of the then existing periodic assessment of the Condominium Association (including assessments payable to the Master Association), and a working capital contribution to the Condominium Association equal to 2 months' total assessments for my unit. I agree that you may be reimbursed for my unit's share of utility deposits, insurance premiums, or other prepaid expenses you have advanced, out of my working capital contribution.

4.3.5. Documentary stamps and recording costs for my deed.

4.3.6. The amount of my title insurance policy, and any abstracting or title update charges, unless I elect below not to obtain title insurance, in which event I agree to pay a closing charge of \$300.00.

4.3.7. If this is a mortgage purchase, any amount for principal, interest, taxes, insurance or private mortgage insurance required by my lender to be paid, pre-paid, or escrowed at the closing, and any other mortgage loan closing costs of any kind or nature whatsoever imposed by my lender.

All prorations and charges will be made as of the closing date originally set by you, except that if the closing date is extended at your request the prorations and charges will be made as of the delayed closing date. If I cause a delay in the closing date, at the closing I will pay you, in addition to all other sums required, an amount equal to 18% per year calculated on a daily basis on the total purchase price less any deposits paid by me, from the date you originally set for closing to the actual date of closing, however, this will not modify your right to declare me in default if I fail to close on the date set by you.

4.4. Title Insurance. Within a reasonable time after the closing you will have a title insurance policy issued to me in the amount of the total purchase price, unless I elect not to obtain a title insurance policy. The title insurance policy will provide for standard exclusions and exceptions, and the exceptions set forth above. In any event you will not be required to provide me with an abstract for my unit.

5. DEFAULT.

5.1. BY BUYER. If I default, I understand your damages will be incapable of ascertainment, and I agree you may terminate this CONTRACT and keep my deposits as liquidated damages, which we agree is fair and reasonable compensation to you for removing my unit from the market and having to resell it, or you may require me to close. I also agree upon my default you may notify the Escrow Agent that I have defaulted, in which event the Escrow Agent shall pay my deposit and any interest earned thereon to you, and the Escrow Agent may rely on your notice and shall be under no obligation to make any independent investigation or confirmation of my default. You will also be entitled to costs and attorneys' fees if you are required to litigate your right to terminate this CONTRACT and receive my deposits.

5.2. BY SELLER. In the event you default, then at my option you will refund my deposits and upon such refund you will have no liability to me and this CONTRACT will be terminated, or I may sue for specific performance.

6. WARRANTY. You make no express warranty with respect to my Unit or the condominium property, and your only warranty obligation will be the implied warranty contained in Section 718.203, Florida Statutes, as same exists as of the date of closing. ANY OTHER IMPLIED WARRANTIES, INCLUDING BUT NOT LIMITED TO, IMPLIED WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE, MERCHANTABILITY, OR THAT MY UNIT OR THE CONDOMINIUM PROPERTY WILL BE CONSTRUCTED IN ACCORDANCE WITH THE PLANS AND SPECIFICATIONS ON FILE WITH ANY GOVERNMENTAL AUTHORITY, ARE HEREBY EXCLUDED. Notwithstanding the foregoing, you will give me at closing or within a reasonable time thereafter all warranties received by you from the manufacturers of any new appliances, equipment or fixtures in my Unit. In no event will you be liable for any consequential damages including, but not limited to, inability to possess my Unit, inconvenience, loss of time, or damage to my personal property, due to any construction defects.

7. CONDOMINIUM DOCUMENTS. I acknowledge receipt of a prospectus for the CONDOMINIUM, which includes various documents required by Florida Statutes, 718.504 (the "CONDOMINIUM DOCUMENTS"). I agree this CONTRACT is subject to all of the terms, conditions and disclosures set forth in the CONDOMINIUM DOCUMENTS. All definitions and terminology used in the CONDOMINIUM DOCUMENTS apply to this CONTRACT to the extent applicable. You will have the right, in your sole discretion, to modify the CONDOMINIUM DOCUMENTS. You will send me a copy of all amendments to the CONDOMINIUM DOCUMENTS. If any amendment materially alters or modifies the offering in a manner which is adverse to me I can terminate this CONTRACT by written notice to you within 15 days after your notification and upon such termination all deposits shall be refunded to me; otherwise I will be deemed to have accepted the amendment. I specifically authorize you to record all documents required to legally create the CONDOMINIUM, including the Declaration of Condominium and any amendment adding any phase of the condominium, without my joinder.

8. DEED RESTRICTIONS AND DECLARATIONS. I understand that title to my unit is subject to the Master Declaration of Covenants, Conditions, Restrictions and Easements for Half Moon Bay and all exhibits and amendments thereto. I acknowledge that a copy of the Master Declaration is included in my CONDOMINIUM DOCUMENTS. I further acknowledge that the Half Moon Bay Master Association, Inc. will own and operate the recreational facilities within my community, and will also maintain and operate various other common areas, and that I will be responsible to pay for a portion of the expenses incurred by the Master Association, which are included in the assessments I pay to the Condominium Association.

9. SALES ACTIVITIES. For the purpose of completing the sales promotion of the CONDOMINIUM, and until the sale of all units in all phases of the CONDOMINIUM are closed, I hereby give you the full right and authority to maintain or establish at the CONDOMINIUM, models, sales offices, and advertising signs and banners, and lighting in connection therewith, together with the right of ingress and egress and transient parking therefore. This clause shall survive the closing contemplated herein and delivery of the deed to me.

10. ASSESSMENTS. I understand I will have to pay assessments to my Condominium Association, and that if I default in the payment of assessments, the Condominium Association will have a lien against my Unit. I acknowledge that pursuant to the Prospectus for the CONDOMINIUM you have guaranteed that until January 1, 1991, the Condominium assessments will not be increased, subject however to the terms of your guaranty contained in Paragraph 10 of the Prospectus included in the CONDOMINIUM DOCUMENTS.

11. NO LIEN. I hereby waive any lien rights, legal or equitable, which might be available to me by virtue of this CONTRACT, and I agree this CONTRACT is subordinate to any mortgage now or hereafter executed by you which encumbers my unit, but any such mortgage will be released as to my unit prior to, or as soon as practicable after, the closing.

12. DAMAGE. If my unit is damaged by fire or other casualty prior to the time it is actually submitted to the condominium form of ownership, then you will have the right to decide whether or not to repair it, and thereafter the Condominium Association will have the right to decide whether or not to repair it. If any damage will be repaired, I understand the closing will be delayed a reasonable time to complete repairs. If the damage will not be repaired, this CONTRACT will be terminated and all deposits returned to me.

13. BROKERS. Other than real estate brokers you have acknowledged in writing, I promise I have not employed, and will indemnify and hold you harmless from the claims of, any real estate broker claiming the right to any fee as a result of having represented me. I understand the person procuring this sale on your behalf is your agent and may be paid by you upon completion of the sale.

14. INSPECTION PRIOR TO CLOSING AND SERVICE. Prior to closing I will be given the opportunity to inspect my unit with you and make a list of any work which you agree is defective or has not been completed. If I do not attend the inspection, your customer service representative will complete a punch list for me, which I will be bound by. You will complete the items set forth on the list within a reasonable time after the closing, and except for items covered by your warranty you will not be responsible for any other defects or repairs. If I fail to inspect my unit you will not be responsible for any damage, defects or missing items that could have been caused by me.

15. RADON GAS. Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from your county public health unit.

16. INSULATION. The type, thickness, and R-value of the insulation you will install in each part of my Unit is set forth below. You will have the right to substitute insulation so long as the R-value is equal to or greater than that set forth below. I understand the R-values set forth below are supplied by the manufacturer, and you will have no liability if the R-value is, in fact, different than that indicated.

	<u>Type</u>	<u>Thickness</u>	<u>R-Value</u>
Exterior Perimeter Concrete Walls	Cellulose Spray	3/4"	5
Interior Perimeter Frame Walls	Cellulose Spray	3/4" one side only	5
Roof	Fiberglass Batt	6"	19

17. MISCELLANEOUS.

17.1. In any litigation between us arising out of this CONTRACT, if you are the winning party I will pay the costs and attorneys' fees you incur in the trial and any appellate proceedings.

17.2. This CONTRACT is binding upon us and our respective heirs, legal representatives, successors and assigns, and all of the provisions will survive the closing. However, I may not assign this CONTRACT without your written consent, which you can withhold in your discretion. The provisions of this CONTRACT shall survive the closing.

17.3. This CONTRACT, and the CONDOMINIUM DOCUMENTS, constitute our entire agreement, and no representations or inducements made by sales persons or otherwise which are not contained in this CONTRACT or the CONDOMINIUM DOCUMENTS are binding on you. This CONTRACT may not be amended or modified except by an instrument in writing signed by us. Brochures and advertising representations and illustrations constitute general concepts only, and are subject to change and modification at your discretion.

17.4. I will not record this CONTRACT or notice or memorandum thereof in any public records, and any recording by me will be a default.

17.5. All notices given under this CONTRACT shall be in writing at our addresses set forth in this CONTRACT, unless we notify each other of another address in writing. However, I agree that any notice by you of a closing or any extension of a closing may be given orally, by telephone, telegram, or any other means. You will not be responsible if I do not receive or pick up any written notice properly sent to me.

17.6. Any lawsuits between us will be started in a court in the county where my Unit is located, and we waive venue outside of that county.

17.7. I agree time is of the essence insofar as my performance under this CONTRACT is concerned, including my obligation to close.

17.8. If there is an error in any closing document, including where applicable, any mortgage loan closing document, we agree to execute any further documents at the request of either of us or the mortgage lender, and/or to pay any amount required to correct the error.

17.9. If I terminate this CONTRACT, I will be liable for any amount charged by the escrow agent in connection with the receipt and disbursement of my deposit, and the printing costs of the condominium documents I received, which you may deduct from my deposit.

17.10. I acknowledge the condominium in which my unit is located is being developed by you as a phase condominium. I agree that you have no obligation to add any phase to the condominium. I acknowledge that you have made no representation or warranty as to the manner in which you or any other builder or developer may develop any phase which is not added to the condominium, or any other property near my unit, and that the type, size, location and nature of other units and improvements that may be constructed in the future are subject to change and may be substantially different from the units and improvements presently planned.

IN WITNESS WHEREOF, I have executed this CONTRACT on the date above written. ANY PAYMENT IN EXCESS OF 10% OF THE PURCHASE PRICE MADE TO DEVELOPER PRIOR TO CLOSING PURSUANT TO THIS CONTRACT MAY BE USED FOR CONSTRUCTION PURPOSES BY THE DEVELOPER.

I do not desire title insurance and I agree to pay a closing charge of \$300.00.

This is a mortgage purchase. The designated lender is _____.

WITNESSES

BUYER

ACCEPTED this ____ day of _____, 19__, by SELLER

WITNESSES

K. HOVNIANIAN AT HALF MOON BAY, INC.,
a Florida Corporation

(Authorized Agent)

EXHIBIT "2"

TO

PROSPECTUS

ESTIMATED CLOSING EXPENSES

Pursuant to Florida Statutes, Section 718.504(22), and Rule 2-13.03(1) of the Department of Legal Affairs, each purchaser is hereby warned that upon closing the sale of a unit in the Condominium additional costs may be demanded from the purchaser in the form of closing costs, which may include the following:

1. The balance of the total purchase price, plus any unpaid extras.
2. A Working Capital contribution to the Condominium Association equal to 2 months assessments, plus a prorated portion of the current Condominium assessment.
3. A pro rata portion of the current real estate taxes, and any municipal or interim service fee or tax, for the year of closing.
4. Documentary stamps for the Warranty Deed (currently \$.55 per \$100.00 of purchase price) plus approximately \$9.00 for recording the Warranty Deed.
5. Purchaser's title insurance policy (or if Purchaser does not elect to obtain a title insurance policy, a closing charge of \$300.00).
6. Any deposit, installation charge, or hook-up fees for utility services for the purchaser's unit.
7. Purchaser's own insurance.
8. Attorneys' fees for purchaser's attorney, if any.

In addition, if the purchaser obtains a mortgage, additional costs may be demanded from the purchaser by the lender, which may include the following:

1. Intangible tax of .002 of the principal mortgage amount.
2. Stamp tax equal to \$.15 per \$100.00 of fraction of the principal mortgage amount.
3. Recording fees of \$4.00 per page plus \$1.00 additional for the first page.
4. Application fee.
5. Abstract charges.
6. Title insurance
7. Appraisal fee.
8. Credit report.
9. Lender's title insurance policy.
10. Escrow for taxes and/or insurance.
11. Tax service fee.
12. Mortgage insurance.
13. Origination fee.
14. Discount points.
15. Prepaid Interest.
16. Survey fee.
17. Attorneys' fees.
18. Any other charges imposed by purchaser's lender.

SUMMARY OF BASIC PROVISIONS

The SELLER: K. HOVNANIAN AT HALF MOON BAY, INC.

Located at:
Suite 400
1800 S. Australian Ave.
W. Palm Beach, Fl. 33409

The PURCHASER(S) _____ of _____
Tel: Res: _____
Tel: Bus: _____

_____ of _____
Tel: Res: _____
Tel: Bus: _____

_____ of _____
Tel: Res: _____
Tel: Bus: _____

_____ of _____
Tel: Res: _____
Tel: Bus: _____

(DO) (DO NOT) intend to occupy the Premises.

The PROPERTY: PROJECT; HALF MOON BAY, A CONDOMINIUM
BLDG. NO. _____ UNIT NO.: _____ MODEL: _____

The PURCHASE PRICE: \$ _____

Consisting of:
BASE PRICE of MODEL \$ _____
and Premiums:
\$ _____
\$ _____
\$ _____
\$ _____

The PAYMENT TERMS: INITIAL DEPOSIT \$ _____ ON DATE: _____
ON SIGNING CONTRACT \$ _____ ON DATE: _____
ADDITIONAL DEPOSIT \$ _____ ON DATE: _____
BALANCE AT CLOSING \$ _____

PAID BY CASHIERS CHECK

Total PAYMENT \$ _____

MORTGAGE AMOUNT \$ _____ MORTGAGE CONTINGENCY DATE: _____
ESTIMATED COMPLETION DATE: _____

PURCHASE AGREEMENT

This Agreement shall consist of the terms set forth on this page, and the terms and conditions as set forth in the TERMS AND CONDITIONS to which this page is attached. Execution of both this SUMMARY and the TERMS AND CONDITIONS is required.

SELLER:
K. HOVNANIAN AT HALF MOON BAY, INC.
a Florida corporation

PURCHASER:

By: _____
Representative

AGREEMENT DATE: _____

ESCROW AGREEMENT

THIS AGREEMENT, dated the 7th day of November, 1981, by and between FIRST AMERICAN BANK AND TRUST, herein referred to as "ESCROW AGENT", and K. HOVNANIAN AT HALF MOON BAY, INC., a Florida corporation, hereinafter called the "DEVELOPER".

W I T N E S S E T H:

WHEREAS, DEVELOPER is constructing a Condominium project to be known as Half Moon Bay, A Condominium, hereinafter referred to as "Half Moon Bay" located in Palm Beach County, Florida; and,

WHEREAS, DEVELOPER intends to enter into Purchase Agreements for the sale and purchase of units hereinafter referred to as "CONTRACTS" in Half Moon Bay; and

WHEREAS, upon the execution of a CONTRACT by a Purchaser, that Purchaser becomes a party to this Escrow Agreement and agrees to be bound by its terms; and

WHEREAS, DEVELOPER desires to make arrangements to escrow a portion of the deposit on each CONTRACT, in accordance with the provisions of Section 718.202(1) of the Florida Statutes; and,

WHEREAS, the ESCROW AGENT has consented to hold that portion of the deposit on each CONTRACT hereinafter referred to as "CONTRACT DEPOSITS", which it receives pursuant to the terms and provisions hereof.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the ESCROW AGENT and the DEVELOPER agree as follows:

1. From time to time, DEVELOPER will deliver checks payable to the ESCROW AGENT which will represent a portion of the deposits on CONTRACT, together with a copy of each executed CONTRACT, as applicable.

For all CONTRACT DEPOSITS up to ten percent (10%) of the purchase price, the same shall be governed by the provisions of Section 718.202(1) of the Florida Statutes. ALL CONTRACT DEPOSITS in excess of ten percent (10%) of the purchase price shall not be subject to this Agreement, but rather shall be held by DEVELOPER as set forth in Sections 718.202(2) and (3) of the Florida Statutes.

2. ESCROW AGENT agrees to accept such funds and DEVELOPER and ESCROW AGENT acknowledge tht AGENT may deposit any escrow funds in separate accounts, or in common escrow or trust accounts, or ESCROW AGENT may co-mingle such escrow funds with other escrow or trust funds handled by or received by said ESCROW AGENT, subject to the requirements of the Florida Condominium Act.

3. DEVELOPER and ESCROW AGENT agree that the escrow funds will be released from escrow as follows:

A. CONTRACT DEPOSITS:

(i) Upon written certification from DEVELOPER that DEVELOPER or Purchaser has properly terminated the CONTRACT to purchase a Unit in the Condominium, pursuant to the terms of the CONTRACT, or Chapter 718 of the Laws of the State of Florida and that Purchaser is entitled to refund the funds, if required by the Agreement or Chapter 718, the funds shall be paid to Purchaser.

(ii) Upon written certification from DEVELOPER that that the CONTRACT has been terminated by reason of Purchaser's failure to cure a default in performance of Purchaser's obligations thereunder, the funds shall be paid to the DEVELOPER unless prior to disbursement the ESCROW AGENT receives from

Purchaser written notice of a dispute between Purchaser and DEVELOPER. ESCROW AGENT shall be entitled to give notice of receipt of such certification to Purchaser.

(iii) If the funds of the Purchaser have not been previously disbursed in accordance with the provisions of Sub-Paragraphs (i) or (ii) above, they shall be disbursed to the DEVELOPER, by the ESCROW AGENT upon written notice from DEVELOPER that the closing of the transaction between DEVELOPER and Purchaser has occurred, unless prior to the disbursement, the ESCROW AGENT received from the Purchaser written notice of a dispute between the Purchaser and the DEVELOPER.

4. In the event of a dispute, or the presentation of any adverse claims or demands in connection with an escrowed deposit, ESCROW AGENT shall, at its option, be entitled to refuse to comply with any claim or demand during the continuance of such disagreement, and may refrain from delivering any escrow funds affected thereby, and in so doing ESCROW AGENT shall not be liable to the Purchaser, or DEVELOPER or to any person, due to its failure to comply with any such adverse claim or demand. ESCROW AGENT shall be entitled to continue, without liability, to refrain and refuse to act:

A. Until all the rights of the adverse claimants have been finally adjudicated by a court having jurisdiction of the parties and the escrow fund, after which time the ESCROW AGENT shall be entitled to act in conformity with such adjudication; or,

B. Until all differences shall have been adjusted by agreement and ESCROW AGENT shall have been notified thereof and shall have been directed in writing by all parties making adverse claims or demands, at which time ESCROW AGENT shall be protected in acting in compliance therewith; or,

C. ESCROW AGENT may, at its option, pay any escrow deposits subject to adverse claims into the Registry of the Court in which any action is commenced to determine the rights of the parties in regard to the escrow deposit. Upon payment of the escrow deposit into the Registry of the Court, ESCROW AGENT shall be relieved of further liability under this Agreement.

5. The ESCROW AGENT hereby agrees to receive said escrowed funds and to hold same and not permit withdrawals thereof, except in accordance with the terms and conditions of this ESCROW AGREEMENT. The ESCROW AGENT may deposit such funds in interest-bearing mediums if so directed by DEVELOPER. Any interest earned on any escrow deposits shall accrue to DEVELOPER and be paid to DEVELOPER upon its request, unless otherwise required by the Condominium Act or the Agreement.

6. Upon execution of a CONTRACT by and receipt of an escrow deposit from or on behalf of a Purchaser, that Purchaser shall become a party to this Agreement. As between the parties to this Agreement, the escrow deposit shall remain the property of the Purchaser until (a) the Purchaser defaults in the performance of his obligations under the CONTRACT, or (b) Purchaser and DEVELOPER close upon the transaction in accordance with the terms of the CONTRACT.

7. Subject to the provisions of the Condominium Act, in case any property held by the ESCROW AGENT hereunder shall be attached, garnished or levied upon, under any order of Court, or the delivery thereof shall be stayed or enjoined by any order of Court, or any other order, judgment or decree shall be made or entered by any Court affecting such property, or any part thereof, or any act of the ESCROW AGENT, it is hereby expressly authorized in its sole discretion to obey and comply with all writs, orders, judgments or decrees so entered or issued, whether with or without jurisdiction, and in case the ESCROW AGENT obeys and complies with any such writ, order, judgment or decree it shall not be liable to any of the parties hereto, their successors, heirs or personal

representatives, or to any other person, firm or corporation, by reason of such compliance notwithstanding such writ, order, judgment or decree be subsequently reversed, modified, annulled, set aside or vacated.

8. All funds deposited with the ESCROW AGENT shall be accepted, subject to clearance. The ESCROW AGENT may act in reliance upon any writing or instrument or signature which it, in good faith, believes to be genuine, may assume the validity and accuracy of any statements or assertions contained in such writing or instrument; and may assume that any person purporting to give any writing, notice, advice or instruction in connection with the provisions hereof has been duly authorized to do so. The ESCROW AGENT shall not be liable in any manner for the sufficiency or correctness as to form, manner of execution, or validity of any written instructions delivered to it, nor as to the identity, authority or rights of any person executing the same. The duties of the ESCROW AGENT shall be limited to the safekeeping of the deposits and to disbursements of same in accordance with the written instructions described above. The ESCROW AGENT undertakes to perform only such duties as are expressly set forth herein, and no implied duties or obligations shall be read into this ESCROW AGREEMENT as against the ESCROW AGENT. Upon the ESCROW AGENT'S disbursing a deposit in accordance with the provisions hereof, the ESCROW shall terminate as regards said Purchaser's deposit and the ESCROW AGENT shall thereafter be relieved of all liability in connection therewith.

9. The ESCROW AGENT may consult with counsel of its own choice and shall have full and complete authorization and protection for any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel. The ESCROW AGENT shall otherwise not be liable for any mistakes of fact or error of judgment, or for any acts of omissions of any kind unless caused by its willful misconduct or gross negligence, and DEVELOPER agrees to indemnify and hold harmless the ESCROW AGENT from any claims, demands, causes of action, liabilities, damages, judgments, including the cost of defending any action against it, together with any reasonable attorney's fees incurred therewith in connection with ESCROW AGENT'S undertakings pursuant to the terms and conditions of this ESCROW AGREEMENT, unless such act or omission is a result of the willful misconduct or gross negligence of the ESCROW AGENT.

10. In the event of disagreement with the interpretation of this ESCROW AGREEMENT, or about the rights and obligations or the propriety of any action contemplated by the ESCROW AGENT hereunder, ESCROW AGENT may, at its sole discretion, file an action in interpleader to resolve the said disagreement. The ESCROW AGENT shall be indemnified by DEVELOPER for all costs, including reasonable attorney's fees, in connection with the aforesaid interpleader action.

11. The ESCROW AGENT may resign at any time upon the giving of thirty (30) days' written notice to the DEVELOPER. If a successor ESCROW AGENT is not appointed within thirty (30) days after notice of resignation, the ESCROW AGENT may petition any court of competent jurisdiction to name a successor ESCROW AGENT and the ESCROW AGENT herein shall be fully relieved of all liability under this ESCROW AGREEMENT to any and all parties, upon the transfer of, and new accounting, for the escrow deposits to the successor ESCROW AGENT either designated by the DEVELOPER or appointed by the court.

12. This ESCROW AGREEMENT represents the entire agreement between the parties with respect to the subject matter hereof and shall be binding upon the parties, their respective successors and assigns.

13. This AGREEMENT is a personal one between the DEVELOPER and the ESCROW AGENT and neither of them will assign or attempt to assign its interest hereunder.

14. This AGREEMENT shall be construed and enforced according to the laws of the State of Florida.

15. The ESCROW AGENT may charge a reasonable fee to the DEVELOPER for providing escrow services.

16. In the event of litigation between DEVELOPER and ESCROW AGENT arising out of this Agreement, the prevailing party shall be entitled to recover from the losing party reasonable attorney's fees and the other costs of such action.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed the day and year first above written.

K. HOVNIANIAN AT HALF MOON BAY, INC.

By: 
Karl E. Preusse, President

(DEVELOPER)

FIRST AMERICAN BANK AND TRUST

By: 

(ESCROW AGENT)