

This instrument was prepared by:

Name:
Address:

(Space Reserved for Clerk)

DECLARATION OF RESTRICTIVE COVENANTS

WHEREAS, The Palace Management Group, LLC (the "Palace"), holds the fee simple title to Lots 44 through 47, in Block 4, of Coral Gables Crafts Section, according to the Plat thereof, as recorded in Plat Book 10, at page 40 of the Public Records of Miami-Dade County, Florida (the "Palace Parcel") being a portion of the land described in the attached Exhibit "A" (the "Property") located in Miami-Dade County, Florida (the "County"); and

WHEREAS, the City of Coral Gables, Florida (the "City"), holds the fee simple title to the balance of the Property; and

WHEREAS, the Palace, as tenant, and the City, as landlord, have entered into a Lease and Development Agreement and a Parking Garage Lease and Development Agreement, both dated July 14, 2008 (collectively the "Ground Lease") concerning the Property; and

WHEREAS, the Palace, subject to the terms and conditions of the Ground Lease, has agreed to convey its fee simple title interest in the Palace Parcel to the City whereupon the City will become the sole owner of the fee simple title to the Property and the Palace will become the long-term ground tenant of the Property; and

WHEREAS, the Palace intends to develop a mixed-used project, including non-residential uses and multi-family rental housing (the “Project”) on the Property as contemplated in the Ground Lease; and

WHEREAS, Palace desires to provide certain covenants to the County Board of County Commissioners (the “Board”) in support of a Petition (the “Petition”) for creation of the Palace at Coral Gables Community Development District (the “District”) filed [insert month, day, and year], and approved pursuant to Ordinance No. _____ enacted by the Board on [insert month, day, and year] (the “Ordinance”), in accordance with the requirements of Chapter 190, Florida Statutes, and Section 1.01(A)(21) of the County Home Rule Charter; and

WHEREAS, certain of these covenants hereinafter set forth will become applicable, and Palace shall comply with same, only in the event the multi-family rental housing proposed for the Project is converted to individually owned residential units in the future with the prior written consent of the City, as landlord under the Ground Lease; and

WHEREAS, among those covenants are provisions for the timely, accurate, and enforceable disclosure, to all prospective initial purchasers who have entered or will enter into contracts for improved residential units within the Property (each a “Prospective Initial Purchaser”), of the obligation to pay to the District: (1) the pro-rata share for each Dwelling Unit (defined below) of the cost of the acquisition, construction, reconstruction, and equipping of certain public infrastructure which benefit the Property either as a one time assessment at the time of closing or as an annual assessment based on the debt service on bonds to be issued by the District to finance such capital costs until such bonds are retired (collectively, “Capital Assessments”), and (2) the costs associated with (i) operations of the District including administration (“Operations Assessments”) and (ii) maintenance of public infrastructure by the District (“Infrastructure Maintenance Assessments”); Operations and Infrastructure Maintenance Assessments are hereinafter collectively referred to as “Administrative Assessments”); and

WHEREAS, the non-residential uses located within the Project may also be assessed for the payment of a pro-rata portion of the Capital Assessments and Administrative Assessments imposed by the District; and

WHEREAS, assessments imposed by homeowner, condominium or similar associations within the District are hereinafter collectively referred to as ("Association Assessments"); and

WHEREAS, other covenants made by Palace include provisions for the long-term maintenance of infrastructure serving the Property including, but not limited to, roadways, drainage, and landscaping and street lighting within the public Rights-of-Way and notice of the existence of homeowner, condominium or similar associations; and

WHEREAS, such covenants of Palace are made in order to assure the Board that the representations made by Palace in support of the Petition will be abided by,

NOW, THEREFORE, Palace freely, voluntarily, and without duress, and on behalf of its heirs, successors, and assigns, makes the following Declaration of Restrictive Covenants covering and running with the Property (this "Declaration"):

1. Covenants.

1.1 Public Records Notice of Existence of District. This Declaration shall serve as notice in the public records of the County that unless the District is terminated in accordance with the requirements of Chapter 190, Florida Statutes, and such termination is reflected in the public records of the County, the Property and all lands, parcels, lots, and units located within the District's boundaries are subject to the Capital Assessments and Administrative Assessments levied and imposed by the District, subject only to the exceptions or exemptions from such assessments expressly provided by Florida law.

1.2 CDD and Purchase Contract Notices. The following covenants (Section 1.2) shall become operative and effective only in the event any of the rental housing proposed for the Project is converted to individually owned-residential units. Owner (as hereinafter defined) shall

comply with the following covenants prior to the first closing on the sale of any residential unit so converted.

1.2.1 Owner shall be required to provide to each Prospective Initial Purchaser of an improved individual residential lot or unit within the Property (individually, a "Dwelling Unit") written notice of the estimated annual Capital Assessments and Administrative Assessments (the "CDD Notice") to be imposed on such individual Dwelling substantially in the form attached hereto as Exhibit B prior to, or contemporaneously with, the execution of a purchase and sale contract ("Purchase Contract") for such Dwelling Unit. For the purposes of this Declaration, the term "Owner" means each seller of Dwelling Units within the Property. Notwithstanding the foregoing, if a Prospective Initial Purchaser executed a Purchase Contract before the effective date (10 days after enactment) of the Ordinance (the "Effective Date of the Ordinance") but was not given an contemporaneous CDD Notice, Owner may still give the CDD Notice to such Prospective Initial Purchaser; provided, however, such CDD notice must be given together with the following written notice and must be sent to such Prospective Purchaser by certified mail, professional overnight delivery or hand delivery, with return receipt, not later than the first business day following the Effective Date of the Ordinance:

THE DWELLING UNIT YOU ARE PURCHASING IS SUBJECT TO A COMMUNITY DEVELOPMENT DISTRICT AND A RELATED DECLARATION OF RESTRICTIVE COVENANTS WHICH REQUIRES THAT CERTAIN NOTICES BE GIVEN TO PURCHASERS BY OWNER. THIS NOTICE AND THE ATTACHED CDD NOTICE ARE BEING GIVEN TO YOU PURSUANT TO SUCH DECLARATION. PLEASE NOTE THAT THE DISTRICT PLANS TO ISSUE OR HAS ISSUED BONDS THAT WILL HAVE PRINCIPAL AND INTEREST PAYMENTS APPLICABLE TO THIS DWELLING UNIT OVER A PERIOD OF UP TO THIRTY (30) YEARS TO FUND CONSTRUCTION OF INFRASTRUCTURE SERVING THE PROPERTY IN THE ESTIMATED AGGREGATE AMOUNT OF \$_____. THIS DWELLING UNIT SHALL BE ASSESSED AN ESTIMATED CAPITAL ASSESSMENT OF \$_____ IF PAID IN FULL AT CLOSING OR AN ESTIMATED ANNUAL CAPITAL ASSESSMENT OF \$_____ FOR ITS PROPORTIONATE SHARE OF DEBT SERVICE ON THE BONDS UNTIL SUCH BONDS ARE PAID IN FULL. WHETHER THE CAPITAL ASSESSMENT IS PAID ONE TIME AT CLOSING OR IN ANNUAL INSTALLMENTS IS AT THE OPTION OF THE PURCHASER TO BE EXERCISED AT THE TIME OF CLOSING. THE ATTACHED NOTICE FULLY DESCRIBES YOUR OBLIGATIONS. YOU MAY ELECT TO RESCIND THE PURCHASE CONTRACT FOR A PERIOD OF THIRTY (30) DAYS FOLLOWING RECEIPT OF THIS NOTICE. UPON SUCH ELECTION,

OWNER SHALL RETURN ALL MONIES PAID BY YOU AS THE PROSPECTIVE INITIAL PURCHASER REGARDING THE PURCHASE OF THE REAL PROPERTY IDENTIFIED IN THE PURCHASE CONTRACT WITHIN TEN (10) CALENDAR DAYS AFTER RECEIVING YOUR WRITTEN NOTICE THAT YOU HAVE ELECTED TO RESCIND THE PURCHASE CONTRACT, AND ALL OTHER PROVISIONS OF THE DECLARATION OF RESTRICTIVE COVENANTS NOT INCONSISTENT WITH THE REMEDIES SET FORTH HEREIN SHALL GOVERN. NO OTHER REMEDIES ARE AVAILABLE TO PURCHASER WHETHER OR NOT YOU ELECT TO RESCIND EXCEPT IN THE EVENT OF AN OWNER DEFAULT WITH RESPECT TO THE CDD NOTICE AND THEN ONLY IN ACCORDANCE WITH THE DECLARATION.

Owner shall promptly refund any amounts due under the foregoing notice if a Prospective Initial Purchaser properly rescinds a Purchase Contract during the time provided. No other remedies provided in Section 1.4 shall be available to a Prospective Initial Purchaser who terminates a Purchase Contract pursuant to the foregoing notice.

1.2.2 Owner shall also provide substantially the following disclosure ("Purchase Contract Notice") on the first page of each Purchase Contract executed after the Effective Date of the Ordinance for a Dwelling Unit within the Property, immediately after disclosure of the purchase price for the Dwelling Unit:

THIS DWELLING UNIT IS WITHIN A COMMUNITY DEVELOPMENT DISTRICT ("DISTRICT"). THE DISTRICT PLANS TO ISSUE OR HAS ISSUED BONDS THAT WILL HAVE PRINCIPAL AND INTEREST PAYMENTS APPLICABLE TO THIS DWELLING UNIT OVER A PERIOD OF UP TO THIRTY (30) YEARS TO FUND CONSTRUCTION OF INFRASTRUCTURE SERVING THE PROPERTY IN THE ESTIMATED AGGREGATE AMOUNT OF \$ _____. THIS DWELLING UNIT SHALL BE ASSESSED AN ESTIMATED CAPITAL ASSESSMENT OF \$ _____ IF PAID IN FULL AT CLOSING OR AN ESTIMATED ANNUAL CAPITAL ASSESSMENT OF \$ _____ FOR ITS PROPORTIONATE SHARE OF DEBT SERVICE ON THE BONDS UNTIL SUCH BONDS ARE PAID IN FULL. WHETHER THE CAPITAL ASSESSMENT IS PAID ONE TIME AT CLOSING OR IN ANNUAL INSTALLMENTS IS AT THE OPTION OF THE PURCHASER TO BE EXERCISED AT THE TIME OF CLOSING. THESE AMOUNTS ARE DUE OVER THE TERM OF THE BONDS IN ADDITION TO THE PURCHASE PRICE. INITIAL PURCHASER ALSO UNDERSTANDS THAT IF THE ACTUAL ANNUAL CAPITAL ASSESSMENTS ON THE DWELLING UNIT ARE MORE THAN FIVE PERCENT (5%) HIGHER THAN THE ESTIMATED AMOUNT PROVIDED HEREIN, INITIAL PURCHASER SHALL HAVE THE RIGHT TO RESCIND THIS AGREEMENT AT ANY TIME PRIOR TO CLOSING. INITIAL PURCHASER FURTHER ACKNOWLEDGES AND AGREES THAT THE ESTIMATED AMOUNT OF CAPITAL ASSESSMENTS DOES NOT INCLUDE ADMINISTRATIVE ASSESSMENTS WHICH SHALL BE LEVIED BY THE DISTRICT FOR OPERATIONS AND INFRASTRUCTURE MAINTENANCE AND MAY VARY FROM YEAR TO YEAR AND FROM TIME TO TIME. IN THE EVENT OF ANY CONFLICT BETWEEN THE DISCLOSURES IN THIS PROVISION AND THE ATTACHED CDD NOTICE, THE CDD NOTICE SHALL CONTROL.

PURCHASER'S INITIALS: _____

Owner shall cause each Prospective Initial Purchaser to initial the Purchaser Contract Notice where indicated.

1.3 Relief to Prospective Initial Purchaser for Owner Default. The following covenants (Section 1.3) shall become operative and effective only in the event any of the rental housing proposed for the Project is converted to individually owned-residential units. Owner shall comply with the following covenants prior to the first closing on the sale of any residential unit so converted.

1.3.1 Owner shall provide relief, in the manner provided by this Section 1.3 to any Prospective Initial Purchaser who has not yet closed on a Dwelling Unit if any one of the following events shall occur (an “Owner Default”):

1.3.1.1. Owner fails to provide a timely CDD Notice or Purchase Contract Notice as required; and/or

1.3.1.2. Owner provides a timely CDD Notice; however, such CDD Notice underestimates the aggregate or monthly actual Administrative Assessments for the District’s first three fiscal years by more than five percent (5%); and/or

1.3.1.3. Owner provides a timely CDD Notice and/or Purchase Contract; however, such CDD Notice and/or Purchase Contract Notice underestimates the actual Capital Assessment, if paid in full at closing, by more than five percent (5%) and/or monthly actual Annual Capital Assessments by more than five percent (5%).

1.3.2 In the event of any Owner Default that is not cured by a timely Late Notice (as hereinafter defined), a Prospective Initial Purchaser may, in writing (a “Termination Notice”), elect to rescind the Purchase Contract at any time prior to closing. Upon such election, Owner shall return all monies paid by the Prospective Initial Purchaser regarding the purchase of the real property identified in the Purchase Contract within ten (10) calendar days after receiving

written notice from the Prospective Initial Purchaser that such Prospective Initial Purchaser has elected to rescind the Purchase Contract. No other remedies provided in Section 1.4 shall be available to a Prospective Initial Purchaser who terminates a Purchase Contract pursuant to this provision.

1.3.3 Prior to the receipt of a Termination Notice from a Prospective Initial Purchaser affected by an Owner Default, Owner shall have an opportunity to cure any Owner Default by providing a written notice (a “Late Notice”) to such affected Prospective Initial Purchaser (i) prior to closing and (ii) within the later of ninety (90) days from (x) the date of execution of the Purchase Contract or (y) the Effective Date of the Ordinance (the “Cure Period”). If the Owner Default set forth in Section 1.3.1.3 is due solely to a fluctuation of interest rates on the bonds once the pricing of the bonds is completed, Owner shall have the opportunity to cure such Owner Default by providing a written notice setting forth the new annual Capital Assessments to such affected Prospective Initial Purchaser (the “Extended Late Notice”) no later than the earlier of (i) the closing date of the Dwelling Unit or (ii) ninety (90) days from the pricing of the bonds (the “Extended Cure Period”). An Owner Default cannot be cured as to an affected Prospective Initial Purchaser after the expiration of the applicable Cure Period or applicable Extended Cure Period. If Owner provides (i) a Late Notice to a Prospective Initial Purchaser during the applicable Cure Period or (ii) an Extended Late Notice during applicable Extended Cure Period, then such Prospective Initial Purchaser may still elect to rescind the Purchase Contract at anytime for a period of thirty (30) days following receipt of Late Notice or Extended Late Notice. Upon such election, Owner shall return all monies paid by the Prospective Initial Purchaser regarding the purchase of the real property identified in the Purchase Contract within ten (10) calendar days after receiving written notice from the Prospective Initial Purchaser that such Prospective Initial Purchaser has elected to rescind the Purchase Contract. No other remedies provided in Section 1.4 shall be available to a Prospective Initial Purchaser who receives an accurate Late Notice or Extended Late

Notice during the Cure Period or Extended Cure Period, as applicable, regardless of whether the Prospective Initial Purchaser elects to rescind the Purchase Contract.

1.3.4 Every Late Notice or Extended Late Notice sent by Owner to a Prospective Initial Purchaser must include the following in bold type in a font at least as large as the largest font in such Late Notice or Extended Late Notice (*with correct type of notice indicated*):

THE DWELLING UNIT YOU ARE PURCHASING IS SUBJECT TO A COMMUNITY DEVELOPMENT DISTRICT AND A RELATED DECLARATION OF RESTRICTIVE COVENANTS WHICH REQUIRES THAT CERTAIN NOTICES BE GIVEN TO PURCHASERS BY OWNER. THIS IS A *LATE NOTICE or EXTENDED LATE NOTICE* UNDER SUCH DECLARATION. IF OWNER PROVIDES YOU WITH THIS *LATE NOTICE or EXTENDED LATE NOTICE* DURING THE APPLICABLE CURE PERIOD, THEN YOU AS A PROSPECTIVE INITIAL PURCHASER MAY STILL ELECT TO RESCIND THE PURCHASE CONTRACT FOR A PERIOD OF THIRTY (30) DAYS FOLLOWING RECEIPT OF THIS *LATE NOTICE or EXTENDED LATE NOTICE*. UPON SUCH ELECTION, OWNER SHALL RETURN ALL MONIES PAID BY YOU AS THE PROSPECTIVE INITIAL PURCHASER REGARDING THE PURCHASE OF THE REAL PROPERTY IDENTIFIED IN THE PURCHASE CONTRACT WITHIN TEN (10) CALENDAR DAYS AFTER RECEIVING YOUR WRITTEN NOTICE YOU HAVE ELECTED TO RESCIND THE PURCHASE CONTRACT, AND ALL OTHER PROVISIONS OF THE DECLARATION OF RESTRICTIVE COVENANTS NOT INCONSISTENT WITH THE REMEDIES SET FORTH HEREIN SHALL GOVERN. NO OTHER REMEDIES PROVIDED IN SECTION 1.4 OF THE DECLARATION SHALL BE AVAILABLE TO YOU AS A PROSPECTIVE INITIAL PURCHASER IF YOU RECEIVE THIS *LATE NOTICE or EXTENDED LATE NOTICE* DURING THE APPLICABLE CURE PERIOD, REGARDLESS OF WHETHER YOU AS A PROSPECTIVE INITIAL PURCHASER ELECT TO RESCIND THE PURCHASE CONTRACT.

1.3.5 If the Owner Default involves the failure to provide a Purchase Contract Notice or Owner provided a Purchase Contract Notice in substantially the correct form and location; however, such Purchase Contract Notice underestimated the actual Capital Assessment, if paid in full at closing, by more than five percent (5%) and/or the annual Capital Assessments by more than five percent (5%), then the Late Notice or Extended Late Notice shall also contain the following:

YOUR PURCHASE CONTRACT PROVIDES THAT THE PURCHASE PRICE FOR YOUR DWELLING UNIT IS AS FOLLOWS: *INSERT PURCHASE PRICE INFORMATION*. THIS DWELLING UNIT IS OR WILL BE WITHIN A COMMUNITY DEVELOPMENT DISTRICT ("DISTRICT"). THE DISTRICT PLANS TO ISSUE OR HAS ISSUED BONDS THAT WILL HAVE PRINCIPAL AND INTEREST PAYMENTS APPLICABLE TO THIS DWELLING UNIT OVER A PERIOD OF UP TO THIRTY (30) YEARS TO FUND CONSTRUCTION OF INFRASTRUCTURE SERVING THE PROPERTY IN THE ESTIMATED

AGGREGATE AMOUNT OF \$_____. THIS DWELLING UNIT SHALL BE ASSESSED AN ESTIMATED CAPITAL ASSESSMENT OF \$_____ IF PAID IN FULL AT CLOSING OR AN ESTIMATED ANNUAL CAPITAL ASSESSMENT OF \$_____ FOR ITS PROPORTIONATE SHARE OF DEBT SERVICE ON THE BONDS UNTIL SUCH BONDS ARE PAID IN FULL. WHETHER THE CAPITAL ASSESSMENT IS PAID IN FULL AT CLOSING OR IN ANNUAL INSTALLMENTS IS AT THE OPTION OF THE PURCHASER TO BE EXERCISED AT THE TIME OF CLOSING. THESE AMOUNTS ARE DUE OVER THE TERM OF THE BONDS IN ADDITION TO THE PURCHASE PRICE. PURCHASER ALSO UNDERSTANDS THAT IF THE ACTUAL ANNUAL CAPITAL ASSESSMENTS ON THE DWELLING UNIT ARE MORE THAN FIVE PERCENT (5%) HIGHER THAN THE ESTIMATED AMOUNT PROVIDED HEREIN, PURCHASER SHALL HAVE THE RIGHT TO RESCIND THIS AGREEMENT AT ANY TIME PRIOR TO CLOSING. PURCHASER FURTHER ACKNOWLEDGES AND AGREES THAT THE ESTIMATED AMOUNT OF CAPITAL ASSESSMENTS DOES NOT INCLUDE ADMINISTRATIVE ASSESSMENTS WHICH SHALL BE LEVIED BY THE DISTRICT FOR OPERATIONS AND INFRASTRUCTURE MAINTENANCE AND MAY VARY FROM YEAR TO YEAR AND FROM TIME TO TIME. IN THE EVENT OF ANY CONFLICT BETWEEN THE DISCLOSURES IN THIS PROVISION AND THE ATTACHED CDD NOTICE, THE CDD NOTICE SHALL CONTROL.

1.3.6 If the Owner Default involves the failure to provide a CDD Notice or Owner provided a timely CDD Notice; however, such CDD Notice underestimated (i) the actual aggregate Administrative Assessments for each of the District's first three fiscal years by more than five percent (5%) and/or (ii) the actual Capital Assessment, if paid in full at closing, by more than five percent (5%) and/or the actual annual Capital Assessment by more than five percent (5%), then the Late Notice or Extended Late Notice must also include a CDD Notice, if the Owner Default involves a failure to provide a CDD Notice or an accurate revised CDD Notice, if the Owner Default involves a timely but inaccurate CDD Notice.

1.4 Relief to a Prospective Initial Purchaser Who Actually Closes on a Dwelling Unit After an Uncorrected Owner Default. The following covenants (Section 1.4) shall become operative and effective only in the event any of the rental housing proposed for the Project is converted to individually owned-residential units. Owner shall comply with the following covenants prior to the first closing on the sale of any residential unit so converted.

1.4.1 In the event Owner fails to give a Prospective Initial Purchaser a timely CDD Notice, and such failure is not corrected by a timely and accurate Late Notice, then a Prospective Initial Purchaser that closes on the Dwelling Unit ("Actual Initial Purchaser") may

demand, in writing, that Owner pay such Actual Initial Purchaser (i) the amount necessary to prepay all Capital Assessments principal, and interest on such Capital Assessments principal due through the next applicable bond payment date respecting the Dwelling Unit plus (ii) an amount equal to the sum of the share of the actual Administrative Assessments levied by the District on such Dwelling Unit for the District's first three (3) fiscal years immediately following the closing respecting the Dwelling Unit.

1.4.2 In the event that Owner gave to an Actual Initial Purchaser (i) both a timely CDD Notice and Purchase Contract Notice and either underestimated the actual Capital Assessment, if paid in full at closing, by more than five percent (5%) and/or the actual annual Capital Assessments (as set forth in Table 1 of the CDD Notice) by more than five percent (5%) and such underestimate was not corrected by a timely and accurate Late Notice or Extended Late Notice or (ii) a timely CDD Notice and no Purchase Contract Notice, if applicable, and the CDD Notice underestimated the actual Capital Assessment, if paid in full at closing, by more than five percent (5%) and/or the actual annual Capital Assessments by more than five percent (5%) and such underestimate was not corrected by a timely and accurate Late Notice or Extended Late Notice, then such Actual Initial Purchaser may demand, in writing, that Owner (a) pay such actual Initial Purchaser, in the event he or she elects to pay the Capital Assessment in full at closing, an amount equal to the difference between the actual Capital Assessment due at closing and the estimated Capital Assessment due at closing disclosed in the CDD Notice to the Actual Initial Purchaser or pay such Actual Initial Purchaser, in the event he or she elects to pay an annual Capital Assessment, an amount equal to the difference between the actual aggregate amount of annual Capital Assessments, calculated over the term of the bonds, levied and imposed by the District on such Dwelling Unit and the aggregate amount of estimated annual Capital Assessments, calculated over the term of the bonds, actually disclosed in the CDD Notice to the Actual Initial Purchaser or, (b) if less, the amount necessary to prepay all Capital Assessments principal and

interest on such Capital Assessments principal through the next applicable bond payment date with respect to the Dwelling Unit.

1.4.3 In the event that Owner gave an Actual Initial Purchaser a timely CDD Notice and such CDD Notice underestimated the actual annual Administrative Assessments by more than five percent (5%) and such underestimate was not corrected by a timely and accurate Late Notice, then such Actual Initial Purchaser may demand, in writing, that Owner pay such Actual Initial Purchaser an amount equal to the difference between the actual amount of the Administrative Assessments levied and imposed by the District on such Dwelling Unit and the amount of estimated Administrative Assessments disclosed to the Actual Initial Purchaser in the CDD Notice calculated for the District's first three (3) fiscal years immediately following the closing based on the initial actual annual Administrative Assessments.

1.4.4 Upon such demand by an Actual Initial Purchaser under this Section 1.4, Owner shall deliver the applicable amount to the Actual Initial Purchaser within ten (10) calendar days after: (1) receipt of written demand, or (2) after the date Capital Assessments and Administrative Assessments first become payable, whichever is later, unless Owner and Actual Initial Purchaser agree to another manner or time of payment. An Actual Initial Purchaser shall provide to Owner written notice of election of remedy in this Section on or before one (1) year after the earlier of (1) the date that Capital Assessments and Administrative Assessments first appear on the Actual Initial Purchaser's Combined Real Property tax bill for the affected Dwelling Unit or (2) if such assessments are directly billed by the District and do not appear on the Actual Initial Purchaser's Combined Real Property tax bill, then the date that such Capital Assessment and Administrative Assessments first appear on any bill sent to the Actual Initial Purchaser by the District for the affected Dwelling Unit. After the expiration of that year, Owner shall not be obligated to provide any relief to such Actual Initial Purchaser under this Declaration.

1.4.5 Nothing in this Section 1.4 shall be construed to relieve any Actual Initial Purchaser of the individual Dwelling Unit of liability for all lawful taxes and assessments including, but not limited to, any tax liability resulting from Owner's payments to such Actual Initial Purchaser under Section 1.4.

1.5 Additional Disclosure through District Sign. The following covenants (Section 1.5) shall become operative and effective only in the event any of the rental housing proposed for the Project is converted to individually-owned residential units. Owner shall comply with the following covenants prior to the first closing on the sale of any residential unit so converted.

Owner shall display at every entrance to a sales office or area, in a conspicuous location readily available for viewing by Prospective Initial Purchasers of Dwelling Units, a sign with information about the District. The remedy provisions discussed in Section 1.4 shall not apply to this Section. Such sign(s) shall be no smaller than twenty-four inches by thirty-six inches (24" x 36"), and shall contain the following language in substantially similar form in large, boldface type:

[INSERT NAME OF DISTRICT]

PURSUANT TO CHAPTER 190, FLORIDA STATUTES, THE *[INSERT NAME OF DISTRICT]* MAY IMPOSE TAXES OR ASSESSMENTS, OR BOTH TAXES AND ASSESSMENTS, ON THIS PROPERTY THROUGH A SPECIAL TAXING DISTRICT. THESE TAXES AND ASSESSMENTS PAY THE CONSTRUCTION, OPERATION, AND MAINTENANCE COSTS OF CERTAIN PUBLIC FACILITIES OF THE DISTRICT AND ARE SET ANNUALLY BY THE GOVERNING BOARD IN ADDITION TO COUNTY AND ALL OTHER TAXES AND ASSESSMENTS PROVIDED FOR BY LAW. THE *[INSERT NAME OF DISTRICT]* EXPECTS TO ISSUE BONDS TO FINANCE A PORTION OF THE CONSTRUCTION OF REQUIRED PUBLIC INFRASTRUCTURE IN *[INSERT NAME OF COMMUNITY]*. A PURCHASER OF PROPERTY IN *[INSERT NAME OF COMMUNITY]* WILL BE OBLIGATED TO PAY ANNUAL ASSESSMENTS TO AMORTIZE THE DEBT AND FOR DISTRICT ADMINISTRATION, WHICH AMOUNTS ARE SEPARATE FROM THE PURCHASE PRICE OF THE PROPERTY AND OTHER ASSESSMENTS ON THE PROPERTY, AND WHICH MAY VARY FROM YEAR TO YEAR AND FROM TIME TO TIME. THE TOTAL ANNUAL ASSESSMENTS VARY IN RELATION TO THE INFRASTRUCTURE BENEFIT ALLOCATED TO THE PROPERTY ASSESSED, AND ARE EXPECTED TO APPEAR ON A PURCHASER'S PROPERTY TAX BILL EACH YEAR, BUT MAY BE BILLED DIRECTLY BY THE *[INSERT NAME OF DISTRICT]*. A PURCHASER SHALL HAVE THE OPTION TO PAY IN

FULL AT ANY TIME THE PRO RATA SHARE, AS ALLOCATED TO THE PURCHASER'S PROPERTY, OF THE TOTAL AMOUNT OF DISTRICT CAPITAL ASSESSMENTS DUE. FOR FURTHER INFORMATION ON THE [INSERT NAME OF COMMUNITY] AND A PURCHASER'S BENEFITS AND OBLIGATIONS RELATING THERETO, CONTACT [INSERT APPROPRIATE CONTACT INFORMATION]."

1.6 Inspection of District Records by County Representatives. The following covenants (Section 1.6) shall become operative and effective only in the event any of the rental housing proposed for the Project is converted to individually-owned residential units. Owner shall comply with the following covenants prior to the first closing on the sale of any residential unit so converted.

Owner shall allow or provide for the District to allow County representatives to review all pertinent records in order to assess the overall performance of Owner in providing timely and accurate disclosure of estimated Capital Assessments and Administrative Assessments on Dwelling Units within the District. Prompt access shall be provided without prior notice of inspection by the County representatives, but only during normal business hours and without disruption of sales operations. The purpose of such inspection is only to determine Owner's overall compliance with the aforementioned notice requirements and such inspection shall not authorize the County to seek any relief provided under Section 1.4, either on behalf of itself or on behalf of any Prospective Initial Purchaser or Actual Initial Purchaser.

1.7 Provision of Water, Wastewater, and Reuse Service. Owner acknowledges and agrees that the Miami-Dade County Water and Sewer Department ("WASD"), or its successor agency or department, shall be the exclusive provider of water service to all lands within the Property. Service shall be provided by WASD in accordance with its general policies and procedures for providing service throughout the County. The City shall own and maintain sewer improvements and shall be the exclusive provider of wastewater disposal and reuse service to all lands within the property according to the City's general policies and procedures.

1.8 Application for Multi-Purpose Special Taxing District to Maintain Infrastructure. The costs of maintaining the infrastructure constructed with funding provided through the District shall be the responsibility of the District and its successors and assigns. In order to assure that such maintenance is performed, however, on or before the recording of a final plat on any portion of the Property, Owner shall apply to the Board for the creation of a multi-purpose special taxing district to maintain the infrastructure serving the Property including, but not limited to, roadways, drainage, walls, and landscaping, as applicable. Upon approval of the multi-purpose special taxing district by the Board, such taxing district may remain dormant until, in the sole and exclusive opinion of the Board, both the District and any homeowners' or similar association shall have failed to maintain the infrastructure serving the Property, as such failure is defined in any easement and/or covenant recorded in the public records and governing the infrastructure or similar agreement provided by Owner, or in the absence of such easement, covenant or agreement, as determined by the Board. Upon such determination, the Board shall authorize the activation of the multi-purpose special taxing district and cause the infrastructure to be maintained at the expense of such taxing district. By this provision, Owner hereby authorizes the Board and its officials, employees, and agents to enter upon the Property if the special taxing district is activated for the purpose of maintaining the infrastructure serving the Property. Owner further agrees to apply, at the time of plat, replat, or waiver of plat, as applicable, to provide for an easement for the benefit of the County and providing that at any and all times during which the infrastructure or any portion thereof is maintained by the County, the public shall have a right of perpetual access and use in those portions of the Property on which the infrastructure is located including, but not limited to, the roadways serving the Property.

1.9 Street Lighting Within Public Street Rights-of-Way. In order to ensure proper lighting of public Rights-of-Way in perpetuity and to comply with recommendations contained in the 2008 Annual Report for Community Development Districts accepted by the

Miami-Dade County Board of County Commissioners, owner acknowledges and agrees that within unincorporated areas of the County public streets and roadways within, adjacent to or associated with the District be lighted by the County through either arterial roadway lighting funds or through the creation of a street lighting special taxing district by petition pursuant to Chapter 18 of the Code of Miami-Dade County, Florida. Such petition shall be submitted to the County on or before the recording of a final plat on any portion of the property, and upon Board approval of said petition, the Board shall then consider adoption of a Preliminary Assessment Roll resolution in accordance with Section 18-14 of the Code of Miami- Dade County, Florida. As authorized by Section 197.363, Florida Statutes, all special assessments levied and imposed under provisions of special taxing district ordinances shall be collected, subject to the provisions of Chapter 197, Florida Statutes, in the same manner and at the same as ad valorem taxes. Within incorporated areas of the County, street lighting on public Rights-of-Way within, adjacent to or associated with the District shall be provided for by municipality directive or policy.

1.10 Notice of Existence of Homeowners, Condominium or Similar Associations.

The following covenants (Section 1.10) shall become operative and effective only in the event any of the rental housing proposed for the Project is converted to individually-owned residential units. Owner shall comply with the following covenants prior to the first closing on the sale of any residential unit so converted.

To fully inform Prospective Initial Purchasers and actual Initial Purchasers of individual dwelling units of the potential for assessment within the District, Owner shall provide notice to such purchasers of the existence of any and all Homeowners Association(s), Condominium Association(s) required and established pursuant to State Statutes, County Code and/or policy, or any similar association(s) required and established within the District. Owner shall also provide an estimate of any assessments imposed by such associations for each of the

District's first three (3) fiscal years. Said notice of assessment shall appear in the form attached hereto as Exhibit B.

2. Benefits and Enforcement.

2.1 The following covenants (Section 2.1) shall become operative and effective only in the event any of the rental housing proposed for the Project is converted to individually-owned residential units. Owner shall comply with the following covenants prior to the first closing on the sale of any residential unit so converted.

The covenants set forth in Sections 1.2, 1.3, 1.4, 1.5, 1.6 and 1.10, which shall become operative and effective only in the event any of the rental housing proposed for the Project is converted to individually-owned residential units, shall run and be in favor of and to the benefit of Prospective Initial Purchasers and Actual Initial Purchasers of individual Dwelling Units within the Property, and their heirs, successors, and assigns, and shall be enforceable exclusively by such persons. After an individual Dwelling Unit has been once conveyed to an Actual Initial Purchaser, no further notice shall be required to be provided by Owner to any purchaser of a Dwelling Unit if the same has been improved with a residence. If a Dwelling Unit is conveyed as unimproved land, then such Dwelling Unit shall not be deemed to have been conveyed to a Prospective Initial Purchaser or Actual Initial Purchaser, and all of the covenants set forth in Sections 1.2, 1.3 and 1.4 shall apply to the Dwelling Unit and any Owner offering such Dwelling Unit for sale to Prospective Initial Purchasers.

2.2 The covenants set forth in Sections 1.1, 1.7 and 1.8 and 1.9 shall run and be in favor of and to the benefit of the County or any successor municipal government, and shall be enforceable exclusively by such governmental entity.

2.3 Enforcement shall be by action against any party or person violating, or attempting to violate, any covenants herein. The prevailing party in any action or suit pertaining to or arising out of this Declaration shall be entitled to recover, in addition to costs and disbursements

allowed by law, such sum as the Court may adjudge to be reasonable for attorney and paraprofessional fees and costs and expenses and trial and upon appeal. This enforcement provision shall be in addition to any other remedies available at law or in equity, or both.

2.4 Any conversion of rental housing proposed for the Project to individually-owned residential units must first be approved by the City, as landlord under the Ground Lease, which approval shall be evidenced by the recording in the Public Records of Miami-Dade County, Florida, of a written consent to conversion duly executed on behalf of the City.

3. Covenant Running With The Land. This Declaration on the part of Palace shall constitute a covenant running with the land, encumbering exclusively the leasehold estate of Palace under the Ground Lease, and shall be recorded, at the expense of Palace in the public records of the County, following the acceptance by the Board of an ordinance approving the creation of the District, and shall remain in full force and effect and be binding upon Palace, and its successors and assigns, until such time as the same is modified or released. These restrictions during their lifetime shall be for the benefit of, and litigation upon, all present and future owners of the said leasehold estate and for the public welfare. Palace, on behalf of itself and its heirs, successors, and assigns, acknowledges that acceptance of this Declaration does not in any way obligate the County to undertake the construction or maintenance of any infrastructure or any other duty or obligation of the District.

4. Term. This Declaration is to run with the land and shall be binding on all parties and all persons claiming under it for a period of thirty (30) years from the date this Declaration is recorded, after which time it shall be extended automatically for successive periods of ten (10) years each, unless an instrument signed by the then owner(s) of the said leasehold estate with the consent of the City as fee owner of the Property has been recorded agreeing to change the covenant in whole, or in part, provided that the Declaration has first been modified or released by the County.

5. Modification, Amendment, or Release. This Declaration may be modified, amended, or released as to the land herein described, or any portion thereof, by a written instrument executed by the then owner(s) of the said leasehold estate with the consent of the City as fee owner of the Property, or of such portion as will be affected by the modification, amendment, or release, including joinders of any and all mortgagees, provided that the same is also approved by the Board, after public hearing. Should this Declaration be modified, amended, or released, the Mayor or the Mayor's designee shall forthwith execute a written instrument effectuating and acknowledging such modification, amendment, or release.

6. Election of Remedies. All rights, remedies, and privileges granted herein shall be deemed to be cumulative, and the exercise of any one or more shall neither be deemed to constitute an election of remedies, nor shall such exercise preclude the party exercising the same from exercising such other additional rights, remedies, or privileges.

7. Severability. Invalidation of any one of the covenants herein by judgment of Court shall not affect any of the other provisions of this Declaration which shall remain in full force and effect. However, if any material portion of the covenants herein is invalidated and such provision is not timely amended or replaced, or cannot be timely amended or replaced in an enforceable way with materially the same effect as the invalidated provision, the County shall be entitled to revoke any approval predicated upon the invalidated portion. It shall Palace's obligation to apply for and diligently pursue any such application for amendment or replacement.

8. Acceptance of Declaration. Palace acknowledges that acceptance of this Declaration does not obligate the County in any manner with respect to the District, or with respect to any land use application on the Property, nor does it entitle Palace to a favorable recommendation or the approval of any application, zoning or otherwise, and the Board and/or any Community Zoning Appeals Board and other County boards, officials, and employees retain full authority to approve or deny such application.

IN WITNESS WHEREOF, the undersigned have set their hands and seals to this
Declaration of Restrictive Covenants this _____ day of _____, 20__.

PALACE:

THE PALACE MANAGEMENT GROUP,
LLC, a Florida limited liability company
By: _____ Name:

Title: _____

Owner's Address: 11355 S.W. 84th Street
Miami, FL 33173

STATE OF FLORIDA
COUNTY OF MIAMI-DADE

The foregoing instrument was acknowledged before me by _____, the _____ of
_____, this _____ day of _____, 20__ who is personally known to
me or who produced _____ as identification.

Notary Public, State of Florida at Large

Print Name: _____

My commission expires: _____

CITY:

THE CITY OF CORAL CABLES, FLORIDA, AS THE LANDLORD UNDER THE GROUND
LEASE, HEREBY CONSENTS TO THE FOREGOING DECLARATION.

Duly passed and adopted by the Coral Gables
City Commission on _____, 2009.

ATTEST:

CITY OF CORAL GABLES, a
Florida municipal corporation

By: _____

Name: _____

Title: City Clerk

By: _____

Name: _____

Title: City Manager

APPROVED AS TO FORM AND
SUFFICIENCY:

By: _____

Name: Elizabeth M. Hernandez

Title: City Attorney

STATE OF FLORIDA
COUNTY OF MIAMI-DADE

The foregoing instrument was acknowledged before me by _____, the _____ of
_____, this _____ day of _____, 20____ who is personally known to
me or who produced _____ as identification.

Notary Public, State of Florida at Large

Print Name: _____

My commission expires: _____

Exhibit A

LEGAL DESCRIPTION

Exhibit B

CDD NOTICE

Table 1. ESTIMATED TOTAL ANNUAL DISTRICT ASSESSMENTS DUE PER DWELLING UNIT FOR EACH OF THE DISTRICT'S FIRST THREE (3) FISCAL YEARS (actual assessments may vary from the amounts set forth below and Operations and Infrastructure Maintenance and Homeowner, Condominium or similar Association Assessments may be higher in subsequent years based on actual budgets adopted by the District).

Type of Dwelling Unit (and Phase, if Applicable)	Estimated Annual District Capital Assessments Including Principal and Interest (see Sections 3.1 and 3.2 Below)	Estimated Annual Administrative Assessments (includes both Operations and Infrastructure Maintenance Assessments) (see Section 3.4 Below)	Estimated Annual Association Assessments (see Section 3.4 Below)	Estimated Total Annual District Assessments Due for each of the District's first three (3) fiscal years (see Section 3.5 Below)
	\$	\$	\$	\$
	\$	\$	\$	\$

Table 2 BREAKDOWN OF ESTIMATED MONTHLY DISTRICT ASSESSMENTS FOR EACH OF THE FIRST THREE (3) FISCAL YEARS (actual assessments may vary from the amounts set forth below and Operations, Infrastructure Maintenance and Homeowner Condominium or similar Association Assessments may be higher in subsequent years based on actual budgets adopted by the District).

Type of Dwelling Unit (and Phase, if Applicable)	Estimated Monthly District Operations Assessments	Estimated Monthly District Infrastructure Maintenance Assessments	Estimated Monthly Association Assessments	Estimated Monthly District Capital Assessments (Estimated Annual District Capital Assessments divided by 12)
	\$	\$	\$	\$
	\$	\$	\$	\$

Table 3 ESTIMATED INITIAL PAYOFF OF CAPITAL ASSESSMENTS (does not include interest on the bond principal due through the next Payment Date) AND ESTIMATED TOTAL PAYMENTS IF ANNUAL PAYMENTS ARE MADE OVER THE TERM OF THE BONDS

Type of Dwelling Unit (and Phase, if Applicable)	Initial Estimated Prepayment Amount to Pay off Dwelling Unit's pro rata share of District Bonds at time Dwelling Unit Closes (this amount declines as principal payments are made annually and does NOT include interest that may be due through the next applicable bond payment date)	Estimated Total Capital Assessments including Principal and Interest if Capital Assessments are Paid Annually (No Prepayment) over Thirty (30) years (Estimated Annual District Capital Assessments times 30)
8.	\$	\$
9.	\$	\$

PURCHASERS INITIALS

1. The District. All of the residential dwelling units ("Dwelling Units") in the [insert name of community] (the "Development") are also located within the boundaries of the [insert name of the District] Community Development District (the "District"). The District is a local unit of special-purpose government organized and existing under the laws of the State of Florida and the Home Rule Charter of Miami-Dade County, Florida and located in Miami-Dade County ("County"). The primary purpose of the District is to finance the cost of the public infrastructure of the Development which may include, without limitation, water and sewer facilities, environmental mitigation, roadways, the surface water management system, utility plants and lines, land acquisition, miscellaneous utilities for the Development, as applicable, and other infrastructure projects and services necessitated by the development of land within the Development (collectively, the "Public Infrastructure").

_____ PURCHASER'S INITIALS

2. The District Board. The Board of Supervisors of the District (the "District Board") is initially elected by the landowner in the District. The Board is required to advertise its meetings in advance and all District Board meetings are required to be open to the public. The District Board is required to prepare a budget each fiscal year and adopt the same in an open, public meeting. All owners of property within the District are invited to attend District Board meetings and participate in the public process.

_____ PURCHASER'S INITIALS

3. District Finance and Assessments. The current plan is for the District to issue bonds to acquire, construct, reconstruct, and equip all or a portion of the Public Infrastructure identified in Section 1. Currently, it is estimated that the Dwelling Units in the Development will be assessed based on the Capital and Administrative Assessments listed in Table 1 above and in Sections 3.1 and 3.4 below (if paid in November) to retire the debt of the District, to pay for operations of the District and maintenance of the Public Infrastructure. District assessments will either appear on the County real estate tax bill of each property located within the District and will be paid at the same time as County taxes are paid, or will be directly billed by the District. Capital assessments to repay the principal portion of the bond debt could be levied by the District for a period of up to thirty (30) years.

_____ PURCHASER'S INITIALS

3.1 District Capital Assessments. The District expects to issue bonds (the "Bonds"), the principal of and interest on which will be payable from non ad valorem special assessments ("District Capital Assessments") levied by the District on the property within the Development, which property is found to be specially benefited by the Public Infrastructure. Each Dwelling Unit is subject to a District Capital Assessment to repay the bonds.

_____ PURCHASER'S INITIALS

3.2 Amount. The estimated amount of annual District Capital Assessments including principal and interest levied on each Dwelling Unit is expected to be approximately \$_____.00 (approximately \$____ per month), which sum shall be payable annually for the term of the Bonds (the principal repayment period **may not exceed thirty (30) years**). The aggregate amount of District Capital Assessments including principal and interest expected to be levied and imposed on each Dwelling Unit over the term of the Bonds [insert term] is approximately \$_____.00.

_____ PURCHASER'S INITIALS

3.3 Prepay Option. Each owner of a Dwelling Unit has the option of prepaying the aggregate amount of District Capital Assessments levied on the owner's Dwelling Unit. The prepayment amount at any time will be equal to the remaining outstanding pro rata share of principal and interest due through the next applicable payment date due on the bonds for each Dwelling Unit. Such prepayment amount will decline each year as the District Capital Assessments are paid.

_____ PURCHASER'S INITIALS

3.4 District Administrative, Maintenance, Homeowner, Condominium or Similar Association Assessments. In addition to District Capital Assessments, the District will impose an annual non ad valorem assessment to fund District operations and maintenance of its Public Infrastructure (collectively, "**District Administrative Assessments**") and any Homeowner, Condominium or similar Association fees or assessments. Each Dwelling Unit shall be subject to District Administrative Assessments. The budget from which District Administrative Assessments are derived is subject to change each year, and may vary from year to year and from time to time. During each of the first three (3) fiscal years of the District, it is anticipated that District Administrative Assessments for the Dwelling Unit will be approximately \$_____.00 per year per Dwelling Unit, after which time such assessments may vary from year to year and from time to time.

_____ PURCHASER'S INITIALS

3.5 District Assessments. District Administrative Assessments together with District Capital Assessments shall comprise the "**District Assessments**." While the District Assessments are not taxes under Florida law, the District Assessments will constitute a lien coequal with the lien of State, County, Municipal, and School Board taxes, and are expected to appear on the ad valorem tax bill sent each year by the Miami-Dade County Tax Collector. The Homestead Exemption is not applicable to the District Assessments. Because a tax bill cannot be paid in part, failure to pay the District Assessments or any other portion of the tax bill will result in the sale of tax certificates and could ultimately result in the loss of title to the Dwelling Unit of the delinquent taxpayer through the issuance of a tax deed. If billed directly by the District, nonpayment could result in foreclosure on and loss of title to the Dwelling Unit.

_____ PURCHASER'S INITIALS

PURCHASER:

Print Name: _____
Date: _____

PURCHASER:

Print Name: _____
Date: _____