

E. The entity charged with the operation of this Condominium is Railway Condominium Association, Inc., a Florida not-for-profit corporation (hereinafter referred to as the "Association"). The Amended and Restated Articles of Incorporation and By-Laws of the Association are set forth in Exhibits "D" and "E," respectively, to the Declaration.

Maximum Number of Units That Will Use Facilities in Common with this Condominium.

3. The maximum number of Units that will use facilities in common with this Condominium is 38.

Condominium Created and Sold as Leasehold Interest.

4. THIS CONDOMINIUM IS CREATED AND IS BEING SOLD AS A LEASEHOLD INTEREST.

This is a condominium of a leasehold interest that is evidenced by a Master Lease Agreement with the Utility Board of the City of Key West, Florida d/b/a Keys Energy Services. A copy of the Master Lease is Exhibit "5" to this Prospectus. Also see Exhibit "12" to this Prospectus for the Form of Sublease Agreement.

No Recreational Facilities.

5. There will be no recreational or similar commonly used facilities for this Condominium.

Lien or Lien Right against each Unit.

6. Other than lien rights granted the Association under the Declaration, there are no lien rights to secure assessments or other payments for the use, maintenance, upkeep or repair of the facilities under the Declaration of Condominium.

Units Will Be Transferred Subject to a Long-Term Lease.

7. THE UNITS WILL BE TRANSFERRED SUBJECT TO A LEASE.

All subleases will be transferred subject to the Keys Energy Master Lease (Exhibit "5" to this Prospectus).

Work Force Housing Restrictions.

8. PURSUANT TO THE TERMS OF A MAJOR DEVELOPMENT PLAN AND CONDITIONAL USE RESOLUTION NO. 03-21 APPROVED BY THE CITY COMMISSION OF THE CITY OF KEY WEST, ALL UNIT OWNERS AND TENANTS, IF ANY, SHALL BE QUALIFIED UNDER THE WORK FORCE HOUSING (MEDIAN INCOME AND MODERATE INCOME) CRITERIA OF THE KEY WEST CITY CODE SECTION 122-1465, et. seq., INCLUDING CITY OF KEY WEST CODE SECTION 122-1469(4). See Exhibit "11" to this Prospectus for City of Key West Resolution 03-21 and Key West City Code provisions.

4. When some of the units have been conveyed to purchasers and none of the others is being constructed or offered for sale by Developer in the ordinary course of business; or

5. Seven years after recordation of the Declaration.

Developer shall have the right to elect a majority of the Administrators until the occurrence of any of the above events. Developer shall be entitled to elect at least one (1) Administrator as long as Developer holds for sale in the ordinary course of business at least five percent (5%) of the units in the Condominium.

The rights reserved to Developer to elect and maintain Administrators may be assigned to and exercised by Developer's successor(s) in interest.

Sale, Lease or Transfer of Residential Units is Restricted or Controlled.

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

Railway Condominium is an affordable housing community, and all owners are required to meet the median or moderate income criteria for the City of Key West at the time their respective interest in a Unit is created, i.e., the date the owner takes a leasehold interest to the Unit or, under limited situations, the date the tenant acquires a leasehold interest, that provides a household's income may not exceed 100 percent (for median income units) or 120 percent (for moderate income units) of the median household income for Monroe County, as set forth in the Key West City Code Section 122-1469 (Exhibit "11" of this Prospectus). Please refer to Exhibit F to the Declaration for the Units designated as Median Income and Moderate Income and Article VIII of the Declaration for further restrictions and details.

Developer has the right of first refusal to purchase all Units. See Article VIII, Section D of Declaration.

No Timeshare Estates.

12. NO TIMESHARE ESTATES ARE CREATED OR ARE BEING SOLD IN UNITS IN THE CONDOMINIUM.

Summary of Restrictions.

13. The restrictions upon use of the Condominium and the initial Rules and Regulations of the Condominium are set forth in Exhibit "3" to this Prospectus and the By-Laws of the Association which can be found in Exhibit "E" to the Declaration. A summary of the restrictions and rules and regulations are as follows:

- A. There are no restrictions upon children residing in the Condominium, however, they must be supervised when in the Condominium Property.

Exhibit 7. Form of Condominium Sale and Purchase Agreement

RAILWAY CONDOMINIUM

PURCHASE AGREEMENT

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 SECTION 718.503, FLORIDA STATUTES, TO BE FURNISHED BY A DEVELOPER TO A BUYER OR LESSEE.

In this Agreement, the term "Buyer" means or refers to the buyer or buyers listed below who have signed this Agreement. The word "Seller" or "Developer" means or refers to OLD TOWN KEY WEST DEVELOPMENT, LLC, a Florida limited liability company.

If the first letter of a word is capitalized in this Agreement, that word will have the meaning given to it in this Agreement or In the Declaration (as defined in paragraph 1 of this Agreement).

Buyer(s): _____

Address: _____

City: _____

State: _____

Country: _____ Zip Code: _____

Home Phone: _____ Office Phone: _____

Tax I.D. No.: _____ Fax. No. _____

1. **Purchase and Sale.** Buyer agrees to buy, and Seller agrees to sell (on the terms and conditions contained in this Agreement), a 99-year sublease interest in Unit _____ (the "Unit") in RAILWAY CONDOMINIUM (the "Condominium"), according to the Declaration thereof, as recorded in Official Records Book 2357, Page 69, Public Records of Monroe County, Florida, and the fixtures, equipment and appliances (collectively, the "Personalty") described in Schedule A attached hereto. The Unit and the Condominium are described in greater detail in the proposed Declaration of Condominium (the "Declaration") included in the Condominium Prospectus delivered herewith to the Buyer (the "Condominium Documents").

The Unit is limited to median or moderate income limitations under the Key West Work Force Housing Code as indicated below:

- [] Median Income Criteria, i.e., 100% of the median income for Monroe County; or
- [] Moderate Income Criteria, i.e., 120% of the median income for Monroe County.

The Condominium is created for a leasehold interest pursuant to a 99-year lease ("Master Lease") between Seller and the Utility Board of the City of Key West, Florida ("Ground Lessor"), the fee simple owner of the property upon which the Condominium is situated. The 99-year lease is an Exhibit in the Condominium Prospectus provided herewith to Buyer.

The total purchase price for the Unit and Personalty is \$ _____
(the "Purchase Price").

2. Payment of the Purchase Price. Buyer agrees to make the following payments against the Purchase Price:

<u>Payment</u>	<u>Due Date</u>	<u>Amount</u>
Deposit	Upon execution of of Purchase Agreement	\$ _____
Mortgage Financing		\$ _____
Balance	At Closing	\$ _____
Total Purchase Price		\$ _____

Deposit shall be made by cashier's check. The balance due at closing must be paid by bank cashier's check or wire transfer of federal funds. All payments must be made in United States funds and all checks must be payable on a bank located in the continental United States.

Buyer also agrees to pay all closing costs and other sums required to be paid by Buyer in this Agreement. At the present time, the closing costs for which dollar amounts can be computed are:

- (a) 1.80% Closing Charge pursuant to paragraph 13(a) \$ _____
- (b) Initial Contributions to the Condominium Association pursuant to paragraph 13(c) \$569.52
- (c) Reimbursement of Unit's prorata share of \$10,000 security deposit paid to Ground Lessor under the Master Lease \$ 263.15

These charges are subject to change as provided in paragraph 13 of this Agreement and are explained in more detail in that paragraph as are other closing costs which cannot be computed at this time.

3. Median or Moderate Income Qualification Contingency. All Units within the Condominium are subject to the Key West Work Force Housing Code restrictions as more particularly set forth in the Declaration and City of Key West Resolution 03-21 (Exhibit 11 of the Condominium Prospectus). Buyer represents to Seller that Buyer has reviewed such restrictions and Buyer's income, including any family member as required under the Key West City Code Section 122-1465 et. seq. (Exhibit 11 of the Condominium Prospectus). Buyer agrees to diligently process any and all applications for qualification under the Key West City Code restrictions with regard to affordable housing. Buyer further agrees to provide Seller and any affordable housing applicant processor designated by the City of Key West (e.g., the City Planner) with an income verification affidavit and such supporting data as requested, including, without limitation, copies of income tax returns, bank statements, employer income verifications. Notwithstanding any other contrary provision of this Agreement, Seller shall have the right to qualify Buyer to confirm that Buyer meets all criteria under the Key West City Code Section 122-1465 et seq. for moderate income qualifications for affordable housing in the City of Key West, Florida, and in the event Seller shall determine in its absolute, but reasonable, discretion that Buyer does not meet the income criteria for the subject affordable housing project, then Seller shall have the right to terminate this Agreement, return Buyer's deposit, whereupon both parties shall be released from all liability to one another under this Agreement. If Buyer fails to time provide any income verification, Seller shall have the right to terminate this Agreement and return the Deposit to Buyer.
4. Deposits. Buyer's initial deposit and additional deposits, if any, (jointly, the "Deposits") required in paragraph 2 will be held in escrow by Spottswood, Spottswood and Spottswood (the "Escrow Agent") with offices at 500 Fleming Street, Key West, Florida 33040 in accordance with the Escrow Agreement contained in the Condominium Documents. The Escrow Agreement is incorporated into this Agreement as if repeated at length here, and Buyer agrees that the Deposits may be held in any depository, which meets the requirements of the Act. If Buyer so requests, Buyer may obtain a receipt for Buyer's Deposits from the Escrow Agent. Seller may change escrow agents (as long as the new escrow agent is authorized to be an escrow agent under applicable Florida law), in which case Buyer's Deposits (and, if payable, interest thereon calculated at passbook rates) may be transferred to the new escrow agent at Seller's direction.
5. Seller's Financing. Seller may borrow money from lenders for the acquisition and/ construction of the Condominium. Buyer agrees that any lender advancing funds for Seller's use in connection with the Condominium will have a prior mortgage on the Unit and the Condominium until closing. At that time, Seller may use all proceeds of Buyer's purchase, which are necessary to, and shall, release the Unit from the then applicable mortgage(s). Neither this Agreement, nor Buyer's payment of deposits, will give Buyer any lien or claim against the Unit or the Condominium. Without limiting the generality of the foregoing, Buyer's rights under this Agreement will be subordinate to all mortgages (and all modifications made to those mortgages) affecting the Unit, the Condominium, or the land or leasehold interest upon which the Condominium is to be constructed even if those mortgages (or modifications) are made or recorded after the date of this Agreement.
6. Construction Specifications. The Unit and the Condominium have been constructed in substantial accordance (in Seller's opinion) with the plans and specifications kept in Seller's

office, as such plans and specifications were amended from time to time, including, without limitation, any custom changes requested by Buyer and accepted by Seller.

Buyer can examine Seller's Plans and Specifications at Seller's business office, located on site during regular business hours by making an appointment to do so in advance. Seller may have made changes in the plans and specifications that it deemed appropriate during the construction process to accommodate its field-construction needs (as more fully discussed in this paragraph 6) and in response to recommendations or requirements of local, state or federal governmental or quasi-governmental agencies or applicable utility and/or insurance providers, and Buyer agrees that any changes made in accordance with the foregoing shall not be deemed material in a manner which is adverse to the offering of the Unit. Such plans and specifications, as they are so amended, are referred to in this Agreement as "Seller's Plans and Specifications". Without limiting Seller's general right to make changes, Buyer specifically agrees that the changes described above and changes in the dimensions of rooms, patios, terraces and balconies, in the location of windows, doors, walls, partitions, utility (including, but not limited to, television and telephone) lead-ins and outlets, air-conditioning equipment, ducts and components, lighting fixtures and electric panel boxes, and in the general layout of the Unit and Condominium, made by Seller in its discretion shall not be deemed material in a manner in which is adverse to the offering of the Unit to Buyer. In furtherance of the understanding and agreement stated above, Buyer acknowledges and agrees that it is a widely observed construction industry practice for the pre-construction plans and specifications for any Unit or Building to be changed and adjusted from time to time in order to accommodate ongoing, "in-the-field" construction needs. These changes and adjustments are essential in order to permit all components of the Unit and the Building to be integrated into a well functioning and aesthetically pleasing product in an expeditious manner. Because of the foregoing, Buyer acknowledges and agrees that it is to Buyer's benefit to allow Seller the flexibility to make such changes in the Unit, Building and the Condominium. Buyer further acknowledges and agrees that (a) the plans and specifications for the Unit and the Condominium on file with the applicable governmental authorities may not be identical in detail to Seller's Plans and Specifications, and (b) because of the day-to-day nature of the changes described in this paragraph 6, the plans and specifications on file with applicable governmental authorities may not include some or any of these changes (there being no legal requirement to file all changes with such authorities). As a result of the foregoing, Buyer and Seller both acknowledge and agree that Unit and the Condominium may not be construed in accordance with the plans and specifications on file with applicable governmental authorities. Without limiting the generality of paragraph 31, Seller disclaims and Buyer waives any and all express or implied warranties that construction will be accomplished in compliance with such plans and specifications. Seller has not given and Buyer has not relied on or bargained for any such warranties.

Without limiting the generality of the foregoing, because of Seller's need to coordinate the appearance and design of the overall development of the Condominium, both in connection with the nature and layout of the land on which construction is to take place and of the access entranceway, common areas and other features of the development, Buyer understands and agrees: The Unit may be constructed as a reverse ("mirror image") of that illustrated in the floor plan for the unit as shown in the Condominium Documents or in any illustrations of the model. Buyer agrees to accept the Unit as constructed according to a reverse floor plan. This paragraph does

not limit the generality of Seller's rights, set out elsewhere in this Agreement, to make other changes in the Unit, the Condominium and the Condominium Documents.

The agreements and waivers of Buyer contained in this paragraph will survive (continue to be effective after) closing.

Whenever this Agreement requires Seller to complete or substantially complete an item of construction, that item will be understood to be complete or substantially complete when so complete or substantially complete in Seller's opinion. The Unit (and such portion of the building) will be considered so useable if the Unit is ready for occupancy and has all necessary and customary utilities extended to it. Other units (and other portions of the building) may not necessarily be so complete and useable.

7. Insulation; Energy Efficiency. Seller has advised Buyer, as may be required by applicable law, that it intends, currently, to install insulation for the Unit as follows:

	<u>R-Value</u>
Exterior Walls	R-19
Party Walls	R-13
Under Roof	R-30

This R-Value Information is based solely on the information given by the appropriate manufacturers and Buyer agrees that Seller is not responsible for the manufacturers' errors. All insulation and energy efficiency rating information is subject to Seller's general right, under paragraph 6 to make changes in Seller's Plans and Specifications, and to applicable limitations of Seller's liability to Buyer.

8. Certain Items and Materials. Buyer understands and agrees that certain items, which may be seen in models (if any) or in illustrations, are not necessarily included with the sale of the Unit, but rather are displayed to provide Buyer with ideas for furnishing and decorating the Unit. Buyer further understands and agrees that certain items, such as tile, cabinets, wood, stain, grout, wall and ceiling textures, cultured marble, mica and carpeting, are subject to size and color variations, grain and quality variations, and may vary in accordance with price, availability and changes by manufacturer from those shown in the models or in illustrations or included in Seller's Plans and Specifications. If circumstances arise which, in Seller's opinion, warrant changes of suppliers, manufacturers, brand names or items, Seller may substitute equipment, material, appliances, etc., with items that in Seller's opinion are of equal or better quality (regardless of cost). Buyer also understands and acknowledges that Seller has the right to substitute or change materials and/ or stain colors utilized in wood décor (if any). Buyer recognizes that certain colors as shown in displays or in the models, including, but not limited to, carpeting and wood stain, will weather and fade and may not be duplicated precisely.

9. Construction Limited Warranty; Disclaimers. The Seller warrants the Condominium components as required under Section 718.203, Florida Statutes. Except for the warranties contained in the deed of conveyance, this agreement, and any written warranties by Seller

delivered at closing (which does not include manufacturers' warranties passed through to Buyer), no warranties, expressed or implied, representations, understandings, guaranties or promises have been made to or relied upon by Buyer in making the determination to execute and close pursuant to this Agreement and, to the maximum extent permitted by law, all warranties, including implied warranties of fitness for a particular purpose, merchantability and habitability, and all warranties imposed by statute (except to the extent they cannot be disclaimed) are disclaimed.

As to any implied warranties which cannot be disclaimed either in whole or in part, incidental and consequential damages are disclaimed and seller shall have no responsibility for any incidental or secondary, consequential damages, including, but not limited to, any claims for personal injury, property damage or emotional distress. No warranties or guaranties are given as to consumer products as defined in 15 U.S.C., section 2301, et seq. (Magnuson-Moss Warranty Act), and no written warranties whatsoever are intended by this Agreement. Seller has not given and Buyer has not relied on or bargained for any such warranties. This paragraph shall survive closing.

This paragraph will survive (continue to be effective after) closing.

10. Completion Date; Inspection. The Unit has been fully constructed and Buyer has inspected the Unit and found it to be acceptable in its current condition.

11. Closing Date. Closing shall occur on or about _____, 2008. Buyer will be given at least ten (10) days' notice of the date, time and place of closing, except in the event that Buyer's lender, if any, requires closing to be held on less than ten (10) days' notice, in which event, Buyer shall close upon demand of Buyer's lender. Seller is authorized to postpone the closing for any reason, and Buyer will close on the new date, time and place specified in a notice of postponement (as long as at least 3 days' notice of the new date, time and place is given). A change of time or place of closing only (one not involving a change of date) will not require any additional notice period. Any formal notice of closing, postponement or rescheduling may be given orally, by telephone, telegraph, telex, telecopy, mail or other reasonable means of communication at Seller's option. All of these notices will be sent or directed to the address, or given by use of the information specified on Page 1 of this Agreement unless Seller has received written notice from Buyer of any change prior to the date the notice is given. These notices will be effective on the date given or mailed (as appropriate). An affidavit of one of Seller's employees or agents stating that this notice was given or mailed will be conclusive.

After the notice is given or mailed, and if requested in writing by Buyer, Seller will send a written confirmation of the closing, together with a draft closing statement and other pertinent information and instructions. This written confirmation is given merely as a courtesy and is not the formal notice to close. Accordingly, it does not need to be received by any particular date prior to closing. Buyer agrees, however, to follow all instructions given in any formal notice and written confirmation.

If Buyer fails to receive any of these notices or the confirmation because Buyer failed to advise

Seller of any change of address or phone, telecopy or telex number, because Buyer has failed to pick up a letter when Buyer has been advised of an attempted delivery or because of any other reason, Buyer will not be relieved of Buyer's obligation to close on the scheduled date unless Seller agrees in writing to postpone the scheduled date.

If Seller agrees in writing to reschedule closing at Buyer's request, or if Buyer is a corporation and Buyer fails to produce the necessary corporate papers requested by Seller and, as a result, closing is delayed, or if closing is delayed for any other reason (except for a delay desired, requested or caused by Seller), Buyer agrees to pay at closing a late funding charge equal to interest, at the then highest applicable lawful rate, on that portion of the Purchase Price not then paid to Seller (and cleared), from the date Seller originally scheduled closing to the date of actual closing. All prorations will be made as of the originally scheduled date. Buyer understands that Seller is not required to reschedule or to permit a delay in closing.

12. Closing. The term "closing" refers to the time when Seller delivers the Sublease Agreement to the Unit to Buyer and possessory interest in the Unit changes hands. Buyer's leasehold interest is referred to as "title." Seller promises that the title Buyer will receive at closing will be good, marketable and insurable (subject to the Permitted Exceptions listed in the Condominium Prospectus at Exhibit 12).

Buyer will receive two (2) documents at closing which Buyer agrees to accept as proof that Buyer's title is as represented above:

(a) A written commitment by a Seller-designated title agent from a title insurance company licensed in Florida agreeing to issue a policy insuring title (American Land Title Association Leasehold Policy) or the policy itself. This commitment (or policy) will list any exceptions to title. Permitted exceptions (exceptions which Buyer agrees to take title subject to) are:

(i) Liability for all taxes or assessments affecting the Unit starting the year Buyer receives title and continuing thereafter;

(ii) All laws, and all restrictions, covenants, conditions, limitations, agreements, reservations and easements recorded in the public records, including, without limitation, the matters (the "Permitted Exceptions") described in Exhibit A attached hereto the Form of Sublease Agreement (Exhibit 12 to the Prospectus) and made a part hereof. For example, zoning restrictions, property use limitations and obligations, easements (rights-of-way) and agreements relating to telephone lines, water and sewer lines and other utilities;

(iii) The restrictions, covenants, conditions, easements, terms and other provisions imposed by the documents contained or referred to in the Condominium Documents (and any other documents which Seller, in its sole discretion, believes to be necessary or appropriate) which are recorded, now or at any time after the date of this Agreement, in the public records, including, without limitation, the Master Lease;

(iv) Standard exceptions for waterfront property and artificially filled-in property which once was in navigable waters and are either standard exceptions for similar property;

(v) Pending governmental liens for public improvements as of closing (Seller will be responsible, however, for certified governmental liens for public improvements as of closing; provided, however, that to the extent that any such certified liens are payable in installments, Seller shall only be responsible for those installments due prior to closing, and Buyer hereby assumes all installments coming due after closing);

(vi) All standard printed exceptions contained in an ALTA title insurance policy insuring a leasehold interest issued in Monroe County, Florida; and

(vii) Any matters not listed above as long as affirmative title insurance is given for these matters.

Buyer understands, however, that no limitation on Buyer's title prohibits construction of the Unit, nor the use of it, subject to applicable restrictions imposed by governmental authorities and the terms of the Condominium Documents.

(b) A Sublease Agreement. At closing, Seller promises to give Buyer a Sublease Agreement to the Unit. The Sublease Agreement will be subject to (that is, contain exceptions for) all of the matters described above and taxes as described below.

Buyer will also receive at the time of closing a bill of sale for the Personalty included in the Unit, Seller's form of "no lien" affidavit, and FIRPTA (non-foreign) affidavit. When Buyer receives the Sublease Agreement at closing, Buyer will sign all papers that Seller deems reasonably necessary or appropriate.

If Seller cannot provide the quality of title described above, Seller will have a reasonable period of time (at least sixty (60) days) to correct any defects in title, but Seller is not obligated to do so. If Seller cannot or elects not to correct the title defects, Buyer will have two options:

(1) Buyer, can accept title in the condition Seller offers it (with defects) and pay the full Purchase Price for the Unit with exceptions for such title matters to be contained in the Sublease Agreement for the Unit. Buyer will not make any claims against Seller because of the defects; or

(2) Buyer can cancel this Agreement and receive a full refund of Buyer's deposits. Seller will be relieved of all obligations under this Agreement (and otherwise) when Seller refunds the deposits to Buyer. At the same time Buyer receives the Sublease Agreement, Buyer agrees to pay the balance of the Purchase Price and any additional amounts owed under this Agreement. Until all sums have been received and cleared, Seller will be entitled to a vendor's lien on the Unit (which Buyer will grant to Seller in writing at closing at Seller's request or thereafter).

13. Closing Costs. Buyer understands that Buyer must pay certain other fees or "closing costs" when title is delivered to Buyer at closing. These include:

(a) A "closing charge" equal to one and eight-tenths percent (1.80%) of the Purchase Price (and of any charges for options or extras now or hereafter contracted for which are not

included in the Purchase Price). This charge will be used, in part, to pay for the costs to officially record the Sublease Agreement, for documentary stamp taxes on the Sublease Agreement, for the premium of the Buyer's leasehold title insurance policy and in reimbursement for certain of Seller's closing administration expenses, Seller's attorneys' fees in connection with closing and other unspecified expenses incidental to closing for Seller (all of which costs will be paid for by Seller).

(b) Loan fees, closing costs, escrows, appraisals, credit fees, lender's title insurance premiums, prepayments and all other expenses charged by any lender giving Buyer a mortgage, if applicable. Notwithstanding the foregoing, unless the Buyer and Seller have executed a Buyer's Financing Rider to this Agreement, Buyer understands and agrees that Buyer's obligations are not in any way conditioned or contingent upon obtaining mortgage financing. The amount of these charges is now unknown,

(c) A working capital contribution in an amount equal to twice the monthly assessment owed to the Railway Condominium Association, Inc. ("Condominium Association" or "Association"), which sum is payable directly to the Condominium Association to provide it with initial capital. This contribution will not be credited against regular assessments. Assuming no change in the current regular monthly assessments for the Unit, these sums will be in the amount shown in paragraph 2 of this Agreement. This sum may change, however, if the applicable monthly assessments change prior to closing (see paragraph 18).

(d) Reimbursement to Seller for the deposit paid to the Ground Lessor under the Master Lease pursuant to Section 4.01 thereof as set forth in paragraph 2 above.

(e) A charge of \$125.00 for a computer update and recertification of title to the Unit.

(f) Reimbursement to Seller's closing agents, for charges incurred in connection with coordinating closing with Buyer and/or Buyer's lender, including, without limitation, charges for messenger expenses, long distance telephone calls, photocopying expenses, telecopying charges and others. The amount of these charges is now unknown.

(g) The late funding charges provided for elsewhere in this Agreement. The amount of any such charges is now unknown.

Current expenses of the Unit (for example, taxes and governmental assessments and current monthly assessments of the Association) will be prorated between Buyer and Seller as of the date of closing. If taxes for the year of closing are assessed on the Condominium as a whole, Buyer shall pay Seller, at the time of closing, the Unit's allocable share of those taxes (as estimated by Seller and subject to reparation when the actual tax bill is available) for the Unit from the date at closing through the end of the applicable calendar year of closing. If taxes for the year of closing are assessed on a unit-by-unit basis, Buyer and Seller shall prorate taxes as of the closing date based upon the actual tax bill, if available, or an estimate by Seller, if not available, with Buyer responsible, for paying the full amount of the tax bill and Seller reimbursing Buyer for Seller's prorated share of those taxes. Buyer agrees that Seller's prorated share at the taxes due as of closing need not be paid to Buyer, however, until the actual tax bill is

presented to Seller, and any proration based on an estimate of the current year's taxes shall be subject to reparation upon request of either party. In addition, Buyer shall pay, or reimburse Seller if then paid, for any interim fees imposed by the applicable jurisdiction with respect to the Unit. This subparagraph shall survive (continue to be effective after) closing.

14. Adjustments with the Association. Buyer understands that Seller may advance money to the Association to permit it to pay for certain of its expenses (for example, but without limitation, insurance premiums, common utility charges and deposits, permit and license fees, charges for service contracts, and other similar expenses). Seller is entitled to be reimbursed by the Association for all of these sums advanced by Seller. The Association will reimburse Seller out of assessments paid by Buyer and other owners as those contributions and assessments are collected, or as otherwise requested by Seller. Seller also, at its election, may receive reimbursement for these payments by way of a credit against any sums if may become obligated to pay to the Association. No initial contributions of purchasers to the Condominium Association may be used for such purposes, however, as long as any guaranty by Seller of the Association's assessments is in effect.

15. Default. If Buyer fails to perform any of Buyer's obligations under this Agreement (including making scheduled deposits and other payments), Buyer will be in "default". If Buyer is still in default ten (10) days after Seller sends Buyer notice thereof, Seller shall be entitled to the remedies provided herein. If, however, Buyer's default is in failing to close on the scheduled date, then Seller can cancel this Agreement without giving Buyer any prior (or subsequent) notification or opportunity to close at a later date.

Upon Buyer's default (and the expiration of any notice period, if applicable), all Buyer's rights under this Agreement will end and Seller can resell the Unit without any accounting to Buyer. Buyer understands that because Seller has taken the Unit off the market for Buyer, has spent money on sales, advertising, promotion and contribution and has incurred other costs incident to this sale, Buyer's default will damage Seller. As compensation for this damage, in the event Seller cancels this Agreement because of Buyer's default, Buyer authorizes Seller to keep (or if not then paid by Buyer, Buyer will pay to Seller) all deposits and other pre-closing advance payments (including, without limitation, those on options, extras, upgrades and the like) Buyer has then made (and which would have been required to have been made had Buyer not defaulted) and all interest which was, or would have been, earned on them, all as liquidated damages (and not as a penalty). Buyer and Seller agree to this because there is no other precise method of determining Seller's damages. Alternatively, Seller will have the right to specifically enforce this Agreement, but will not sue Buyer for any other damages. If Buyer defaults, Buyer promises not to sue for the return of any part of his deposits or other payments. Any damage or loss that occurs to the Unit while Buyer is in default will not affect Seller's right to liquidated damages. The remedies afforded Seller in this paragraph as a result of a default by Buyer constitute Seller's sole and exclusive remedies.

If Seller defaults under this Agreement, Buyer will give Seller twenty (20) days' notice of such default. If Seller has not cured the default within such period, Buyer at its option shall have the right to: (i) receive the return of the Deposits together with all interest earned thereon, whereupon the parties shall be relieved of all further obligations hereunder, or, alternatively, (ii)

seek specific performance of the Seller's obligations hereunder and/or any other equitable remedies and thereby waive any claim for damages. The foregoing shall be Buyer's sole and exclusive remedies.

This paragraph will survive (continue to be effective after) closing.

16. Sound Transmission. Buyer hereby acknowledges and agrees that sound transmission in a multi-use district such as the Condominium is very difficult to control, and that noises from adjoining adjacent property owners, other guests and invitees, or nearby units and or mechanical equipment can often be heard in the Unit. Without limiting the generality of paragraph 31, Seller does not make any representation or warranty as to the level of sound transmission between and among Units and the property adjacent to the Condominium, and Buyer hereby waives and expressly releases any such warranty and claim of or loss or damages resulting from sound transmission.

17. Litigation; Appointment of Agent; Related Statutory Notices. Buyer shall deliver to Seller, within thirty (30) days of the date of this Agreement, an executed designation of an individual qualified to accept service of process in the State of Florida, which designation shall be irrevocable during the period this Agreement remains in effect and for such time thereafter as is necessary to effectuate service of process upon Buyer or such designated local agent concerning any action, litigation or proceeding arising out of or concerning this Agreement. Buyer may appoint a substitute or successor local agent by notifying Seller of same in accordance with the notice provisions hereunder. If Buyer fails to deliver such designation, Buyer shall be deemed to have appointed the Secretary of State, State of Florida, as Buyer's agent for such purposes. In the event of any litigation between the parties under this Agreement: (a) the parties shall and hereby submit to the jurisdiction of the state and federal courts at the State of Florida (b) venue shall be in Monroe County, Florida and (c) notwithstanding anything to the contrary contained herein, Buyer hereby voluntarily, knowingly and intentionally **waives any and all rights to trial by jury** in any legal action or proceeding directly or indirectly against Seller arising under or in connection with the Condominium and/or this Agreement, regardless of whether such action or proceeding concerns any contractual, tortious or other claim. This paragraph will survive (continue to be effective after) any termination at this Agreement, but shall otherwise be deemed merged into the Sublease Agreement at closing.

NOTICE IN ACCORDANCE WITH FLORIDA LAW, SELLER PROVIDES BUYER WITH THE FOLLOWING NOTICE:

FLORIDA LAW CONTAINS IMPORTANT REQUIREMENTS YOU MUST FOLLOW BEFORE YOU MAY FILE A LAWSUIT FOR DEFECTIVE CONSTRUCTION AGAINST A CONTRACTOR, SUBCONTRACTOR, SUPPLIER, OR DESIGN PROFESSIONAL FOR AN ALLEGED CONSTRUCTION DEFECT IN YOUR UNIT. SIXTY DAYS BEFORE YOU FILE YOUR LAWSUIT, YOU MUST DELIVER TO THE CONTRACTOR, SUBCONTRACTOR, SUPPLIER, OR DESIGN PROFESSIONAL A WRITTEN NOTICE OF ANY CONSTRUCTION CONDITIONS YOU ALLEGE ARE DEFECTIVE AND PROVIDE YOUR CONTRACTOR AND ANY SUBCONTRACTORS, SUPPLIERS, OR DESIGN PROFESSIONALS THE

OPPORTUNITY TO INSPECT THE ALLEGED CONSTRUCTION DEFECTS AND MAKE AN OFFER TO REPAIR OR PAY FOR THE ALLEGED CONSTRUCTION DEFECTS. YOU ARE NOT OBLIGATED TO ACCEPT ANY OFFER MADE BY THE CONTRACTOR OR ANY SUBCONTRACTORS, SUPPLIERS, OR DESIGN PROFESSIONALS. THERE ARE STRICT DEADLINES AND PROCEDURES UNDER FLORIDA LAW.

NOTICE IN ACCORDANCE WITH FLORIDA LAW REGARDING CONSTRUCTION INDUSTRIES RECOVERY FUND.

Pursuant to Section 489.1425 of the Florida Statutes, Seller provides the following notice. PAYMENT MAY BE AVAILABLE FROM THE CONSTRUCTION INDUSTRIES RECOVERY FUND IF YOU LOSE MONEY ON A PROJECT PERFORMED UNDER CONTRACT, WHERE THE LOSS RESULTS FROM SPECIFIED VIOLATIONS OF FLORIDA LAW BY A STATE-LICENSED CONTRACTOR. FOR INFORMATION ABOUT THE RECOVERY FUND AND FILING A CLAIM, CONTACT THE FLORIDA CONSTRUCTION INDUSTRY LICENSING BOARD AT THE FOLLOWING TELEPHONE NUMBER AND ADDRESS: (850) 487-1395, 1940 NORTH MONROE STREET, SUITE 60, TALLAHASSEE, FLORIDA 32399-2202.

18. Maintenance Fee. Buyer understands and agrees that the Estimated Operating Budgets for the Condominium Association (the "Budget") contained in the Condominium Prospectus (Exhibit 6) provide only an estimate of what it will cost to run the Association and operate and maintain the facilities during the period of time stated in the Budget. Seller does not guarantee the monthly assessments shown in the Condominium Association Budget for the Unit. The Budget, as opposed to the levels of assessments payable to the Condominium Association, is also not guaranteed, and there may be changes in the Budget at any time to cover increases or decreases in actual expenses or in estimates. It is intended that the Seller, as the sole Owner upon the formation of the Condominium, will vote to waive all reserves for the initial year of the Condominium pursuant to Fla. Stat. 718.112(2)(f)2. Thereafter, on an annual basis, a majority of the Condominium Association's members may vote to continue to provide any reserves for the Condominium or to waive in whole or in part the payment of such reserves.

The Condominium and Unit Owners have been granted easement rights over the adjacent property for the purpose of providing easement rights for utility infrastructure installation, operation and maintenance, ingress and egress from the public road to the adjacent property owner and other purposes. These easements require the Association, as successor to the Developer, to maintain the easement property. The Budget includes the estimated portion of the maintenance payable by the Condominium for the first year of operation.

19. Condominium Association. This Agreement is also Buyer's application for membership in the Condominium Associations, which memberships shall automatically take effect at closing. At that time, Buyer agrees to accept the liabilities and obligations of membership.

✓ 20. Seller's Use of the Condominium Property. As long as Seller owns a unit or units, it and its agents can keep offices and model apartments within the Condominium Property. Seller's

salespeople can show these units, erect advertising signs and do whatever else is necessary in Seller's opinion to help sell, lease or rent units or develop and manage the Condominium Property but Seller's use of the Condominium Property, must be reasonable, in Seller's opinion, and cannot unreasonably interfere, in Seller's opinion, with Buyer's use and enjoyment of the Unit. Seller's rights under this paragraph shall end when Seller no longer holds a unit for sale in the ordinary course of business. This paragraph will survive (continue to be effective after) closing.

21. Sales Commissions. Seller will pay all sales commissions due any in-house sales personnel Seller has employed, and _____ (if not filled-in, there is none), the cooperating broker, after closing. By signing this Agreement. Buyer is representing and warranting to Seller that Buyer has not consulted or dealt with any other broker, salesperson, agent or finder and that Buyer will indemnify and hold Seller harmless for and from any such person or company claiming otherwise. Buyer's indemnity and agreement to hold Seller harmless includes, without limitation, Buyer's obligation to pay or reimburse Seller for all commissions, damages and other sums for which Seller may be held liable and all attorneys' fees and court costs actually incurred by Seller (including those for appeals), regardless of whether a lawsuit(s) is actually brought or whether Seller ultimately wins or loses.

This paragraph will survive (continue to be effective after) closing.

22. Notices. Whenever notice is required under this Agreement, the notice must be in writing and sent certified mail, postage prepaid, with a return receipt requested to Seller at 201 Front Street, Suite 224, Key West, Florida 33040 or such other address as Seller may otherwise direct and to Buyer at the address indicated on page 1 of this Agreement.

A change of address notice is effective when it is received. All other written notices are effective on the day they are properly given or mailed, whether or not received (and all permitted non-written notices to Buyer are effective on the date given by Seller) unless receipt is required specifically in portions of this Agreement.

23. Transfer or Assignment. Buyer shall not be entitled to assign this Agreement or Buyer's rights hereunder without the prior written consent of Seller, which may be withheld by Seller with or without cause (and even if Seller's refusal to grant consent is unreasonable). Seller may assign or transfer freely all of its rights and obligations under this Agreement (including its rights in and to Buyer's deposits and all other payments made by Buyer).

24. Others Bound by this Agreement. If Buyer dies or in any way loses legal control of Buyer's affairs, this Agreement will bind Buyer's heirs and personal representatives. If Buyer has received permission to assign or transfer Buyer's interest in this Agreement, this Agreement will bind anyone receiving such interest.

25. Public Records. Buyer authorizes Seller to record the documents needed to establish and operate the Condominium, as well as all other documents that Seller deems necessary or appropriate, in the Public Records of Monroe County, Florida. Neither this Agreement nor any notice or memorandum hereof (nor any Lis Pendens) may be recorded.

26. Buyer's Right to Cancel. 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 OR HER 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 THAT 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. FIGURES CONTAINED IN ANY BUDGET DELIVERED TO THE BUYER PREPARED IN ACCORDANCE WITH THE CONDOMINIUM ACT ARE ESTIMATES ONLY AND REPRESENT AN APPROXIMATION OF FUTURE EXPENSES BASED ON FACTS AND CIRCUMSTANCES EXISTING AT THE TIME OF THE PREPARATION OF THE BUDGET BY THE DEVELOPER. ACTUAL COSTS OF SUCH ITEMS MAY EXCEED THE ESTIMATED COSTS. SUCH CHANGES IN COST DO NOT CONSTITUTE MATERIAL ADVERSE CHANGES IN THE OFFERING.

If Buyer does not cancel this Agreement during this 15-day period, it means that Buyer ratifies this Agreement and the Condominium Documents and Buyer agrees that their provisions are fair and reasonable in Buyer's opinion.

27. Florida Law Severability. Any disputes that develop under this Agreement will be settled according to Florida law. If any part at this Agreement violates a provision of applicable law, the applicable law will control. In such case, however, the rest of the Agreement (not in violation) will remain in force.

Without limiting the generality of the foregoing, it is Buyer's and Seller's mutual desire and intention that all provisions of this Agreement be given full effect and be enforceable strictly in accordance with their terms. If, however, any part of this Agreement is not enforceable in accordance with its terms or would render other parts at this Agreement or this Agreement, in its entirety, unenforceable, the unenforceable part or parts are to be judicially modified, if at all possible, to come as close as possible to the expressed intent of such part or parts (and still be enforceable without jeopardy to other parts at this Agreement, or this Agreement in its entirety), and then are to be enforced as so modified. If the unenforceable part or parts cannot be so modified, such part or parts will be unenforceable and considered null and void in order that the mutual paramount goal (that this Agreement is to be enforced to the maximum extent possible strictly in accordance with its terms) can be achieved.

Without limiting the generality of the foregoing, if the mere inclusion in this Agreement of language granting to Seller certain rights and powers, or waiving or limiting any of Buyer's

rights or powers or Seller's obligations (which otherwise would be applicable in the absence of such language) results in a final conclusion (after giving effect to the above judicial modification, if possible) that Buyer has the right to cancel this Agreement and receive a refund of Buyer's deposits, such offending rights, powers, limitations and/or waivers shall be struck, canceled, rendered unenforceable, ineffective and null and void. Under no circumstances shall either Buyer or Seller have the right to cancel this Agreement solely by reason of the inclusion of certain language in this Agreement (other than language which is intended specifically to create such a cancellation right).

28. Condominium Document Changes. Seller may make changes in the Condominium Documents in its sole discretion by providing Buyer with all such amendments that are made, provided that, as to these changes, Buyer will have fifteen (15) days from the date of receipt of such changes from Seller which materially alter or modify the offering of the Condominium in a manner adverse to Buyer in which to cancel this Agreement (by delivering written notice to Seller of such cancellation) and receive a refund of any deposits with applicable interest. Seller will be relieved of all obligations under this Agreement when Seller refunds the deposits and interest. Buyer will not be permitted to prevent Seller from making any change it wishes in its sole discretion, nor to pursue any remedy other than the 15-day cancellation remedy described above (and then only for the kind of changes that materially alter or modify the offering in a manner that is adverse to Buyer).

If Buyer has the right to cancel this Agreement by reason of a change which materially alters or modifies the offering at the Condominium in a manner adverse to Buyer, Buyer's failure to request cancellation in writing within the 15-day period will mean that Buyer accepts the change and waives irrevocably his right so to cancel. All rights of cancellation will terminate, if not sooner, then absolutely at closing. After closing, Buyer will have no remedy for any changes Seller may make or have made.

Without limiting the generality of the foregoing and other provisions at this Agreement, Seller is specifically authorized to: (a) modify the Master Lease (Exhibit 5 in the Condominium Prospectus) by amending the legal descriptions of the Condominium Property for the Railway Condominium Property for the purpose of adjusting the boundary lines between this Condominium and Market Rate Units located contiguous to the Condominium, (b) obtain additional easement property from the Ground Lessor or the owner of the Market Rate Units in order to provide additional or reciprocal access to the two projects, and/or (c) substitute the final legal descriptions and as-built surveys for the proposed legal descriptions and plot plans contained in the Condominium Documents even though changes occur in the permitting stage and during construction. Such modification, substitution, combination and/or subdivision shall not be deemed material in a manner that is adverse to the offering of the Unit to Buyer.

This paragraph will survive (continue to be effective after) closing.

29. Time of Essence. The performance of all obligations and of the precise times stated in this Agreement are of absolute importance and failure to so perform on time is a default, time being of the essence.

30. Return of Condominium Documents. If this Agreement is canceled for any reason, Buyer will return to Seller all of the Condominium Documents delivered to Buyer in the same condition received, reasonable wear and tear excepted. If Buyer fails to return the Condominium Documents, Buyer agrees to pay Seller \$100.00 to defray the costs of preparation, printing and delivery of same.
31. Waiver. Seller's waiver of any of its rights or remedies (which can only occur if Seller waives any right or remedy in writing) will not waive any other of Seller's rights or remedies or prevent Seller from later enforcing all of Seller's rights and remedies under other circumstances.
32. Survival. Only those provisions and disclaimers in this Agreement, which specifically state that they shall have effect after closing, will survive (continue to be effective after) closing and delivery of the Sublease Agreement. All other provisions shall be deemed merged into the Sublease Agreement.
33. Inducement. Buyer acknowledges that the primary inducement for Buyer to purchase under this Agreement is the Unit itself, and not the recreational amenities and other proposed improvements which may, or may not, be constructed within the Condominium.
34. Seller's Representations. This Agreement contains the entire understanding between Buyer and Seller, and Buyer hereby acknowledges that the displays, architectural models, artist renderings and other promotional materials contained in the sales office and model suite are for promotional purposes only and may not be relied upon. Buyer warrants that Buyer has not relied upon any verbal representations, advertising, portrayals or promises other than as expressly contained herein and in the Condominium Documents, including, specifically, but without limitation, any representations as to: (a) potential appreciation in or resale value of the Unit, (b) the existence of any "view" from the Unit or that any existing "view" will not be obstructed in the future, (c) traffic or parking conditions in, near or around the Condominium, or (d) disturbance from nearby properties. The provisions at this paragraph shall survive (continue to be effective after) closing. Nothing herein shall limit Buyer's rights under Section 718.506, Florida Statutes.
35. Radon. Under laws of the State of Florida, Buyer is hereby advised that 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. The foregoing notice is provided in order to comply with state law and is for informational purposes only. Seller does not conduct radon testing with respect to the Unit or the Condominium, and specifically disclaims any and all representations or warranties as to the absence of radon gas or radon producing conditions in connection with the Condominium.
36. Incorporation: Definitions. The explanations, definitions, disclaimers and other provisions set forth in the Condominium Documents are incorporated into this Agreement as if repeated at length here. When the words "this Agreement" are used, they shall include in their meaning all modifications, riders and addenda to it signed by Buyer and Seller.

37. Exhibits. Buyer agrees to purchase the Unit and to be bound by the Exhibits included in the Condominium Prospectus, including, but not limited to, the Declaration as the same may be amended and supplemented from time to time. The Exhibits which are incorporated herein by reference shall be recorded (as applicable) in substantially the same form and content as the copies thereof furnished Buyer herewith (provided, however, that the Seller or its successors and assigns reserves the right for any reason, including, without limitation, in order to meet requirement of applicable laws, codes and governmental regulations, of lending institutions, of bond issuing authorities, or for marketing considerations, to make changes or modifications to any or all of the Exhibits referred to in this Agreement, all as it may deem reasonable, necessary, appropriate or convenient).

38. Entire Agreement. This Agreement is the entire contract for sale and purchase of the Unit and once it is signed, it can only be amended by a written instrument signed by the party against whom enforcement is sought which specifically states that it is amending this Agreement. Any current or prior agreements, representations, understandings or oral statements of sales representatives or others, if not expressed in this Agreement, the Condominium Documents or in brochures for the Condominium, are void and have no effect. Buyer has not relied on them.

BUYER:

Date of Buyer's Execution: _____

SELLER:

OLD TOWN KEY WEST DEVELOPMENT, LLC, a
Florida limited liability company

By: _____
Authorized Representative

Date of Seller's Execution: _____

05.13.08