

PROSPECTUS

FOR
TERRACE VI AT HERITAGE COVE, A CONDOMINIUM

THIS PROSPECTUS CONTAINS IMPORTANT MATTERS TO BE CONSIDERED IN ACQUIRING A CONDOMINIUM UNIT.

THE STATEMENTS CONTAINED HEREIN ARE ONLY SUMMARY IN NATURE. A PROSPECTIVE PURCHASER SHOULD REFER TO ALL REFERENCES, ALL EXHIBITS HERETO, THE CONTRACT DOCUMENTS AND SALES MATERIALS.

ORAL REPRESENTATIONS CANNOT BE RELIED UPON AS CORRECTLY STATING THE REPRESENTATIONS OF THE DEVELOPER. REFER TO THIS PROSPECTUS AND ITS EXHIBITS FOR CORRECT REPRESENTATIONS.

SUMMARY

1. **THIS PROSPECTUS CONTAINS IMPORTANT MATTERS TO BE CONSIDERED IN ACQUIRING A CONDOMINIUM UNIT.**
2. **THE STATEMENTS CONTAINED HEREIN ARE ONLY SUMMARY IN NATURE. A PROSPECTIVE PURCHASER SHOULD REFER TO ALL REFERENCES, ALL EXHIBITS HERETO, THE CONTRACT DOCUMENTS AND SALES MATERIALS.**
3. **ORAL REPRESENTATIONS CANNOT BE RELIED UPON AS CORRECTLY STATING THE REPRESENTATIONS OF THE DEVELOPER. REFER TO THIS PROSPECTUS AND ITS EXHIBITS FOR CORRECT REPRESENTATIONS.**
4. **THE CONDOMINIUM UNITS ARE BEING SOLD IN FEE SIMPLE.**
5. **THE DEVELOPER HAS THE RIGHT TO RETAIN CONTROL OF THE CONDOMINIUM ASSOCIATION AFTER A MAJORITY OF THE UNITS HAVE BEEN SOLD.**

See Paragraph 12 of this Prospectus.

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

See Paragraph 10 of this Prospectus.

7. **UNIT OWNERS IN THIS CONDOMINIUM ARE REQUIRED TO BE MEMBERS OF HERITAGE COVE COMMUNITY ASSOCIATION, INC., AND TO PAY A SHARE OF THE EXPENSES OF OPERATING COMMONLY USED FACILITIES OWNED BY THE COMMUNITY ASSOCIATION.**

See Paragraphs 2 and 5 of this Prospectus.

8. **THERE ARE LIENS OR LIEN RIGHTS AGAINST EACH UNIT TO SECURE THE PAYMENT OF ASSESSMENTS OR OTHER EXACTIONS COMING DUE FOR THE USE, MAINTENANCE, UPKEEP OR REPAIR OF THE RECREATION OR COMMONLY USED FACILITIES OWNED BY THE COMMUNITY ASSOCIATION. A UNIT OWNER'S FAILURE TO MAKE THESE PAYMENTS MAY RESULT IN FORECLOSURE OF THE LIEN.**

See Paragraph 6 of this Prospectus.

9. **RECREATION FACILITIES OR COMMON PROPERTY MAY BE EXPANDED OR ADDED WITHOUT CONSENT OF THE UNIT OWNERS OR THE ASSOCIATION.**

See Paragraph 7 of this Prospectus.

10. The units will not be transferred subject to a Lease.

See Paragraph 9 of this Prospectus.

11. **THERE IS NO CONTRACT FOR THE MANAGEMENT OF THE CONDOMINIUM PROPERTY.**

See Paragraph 8 of this Prospectus.

INDEX TO PROSPECTUS

Cover Page	1
Summary	2
Schedule of Exhibits	5
1. Description of Condominium	6
2. Heritage Cove Community Association, Inc.; the Community Association	6
3. Type of Ownership	7
4. Recreation and Other Common Facilities	7
5. Community Association Recreation Facilities	7
6. Lien or Lien Right Against Each Unit to Secure the Payment of Assessments	8
7. The Recreation Facilities or Commonly Used Facilities May be Expanded	8
8. Condominium Management	8
9. Developer Leasing of Units	9
10. Restrictions on Sale, Lease or Transfer of Units	9
11. Summary of Restrictions on Use	9
12. Developer's Right to Retain Control After a Majority of Units Have Been Sold	10
13. Utilities	10
14. Common Expenses and Ownership of Common Elements	10
15. Estimated Operating Budget	10
16. Estimated Closing Expenses; Title Insurance	11
17. Identity of Developer	11
18. Good Faith Effort to Comply	12

EXHIBITS TO PROSPECTUS

EXHIBIT 1 - DECLARATION OF CONDOMINIUM

EXHIBIT A - LEGAL DESCRIPTION

EXHIBIT B - SURVEYS, PLOT PLANS, FLOOR PLANS

EXHIBIT C - ARTICLES OF INCORPORATION

EXHIBIT D - BYLAWS

EXHIBIT E - INITIAL RULES AND REGULATIONS OF CONDOMINIUM ASSOCIATION

EXHIBIT F - ESTIMATED OPERATING BUDGETS: UNIT OWNER'S EXPENSES

EXHIBIT G - HERITAGE COVE COMMUNITY ASSOCIATION DOCUMENTS

EXHIBIT H - FORM OF AGREEMENT FOR PURCHASE AND SALE OF UNIT

EXHIBIT I - FORM OF RECEIPT FOR CONDOMINIUM DOCUMENTS

EXHIBIT J - ESCROW AGREEMENT

EXHIBIT K - OWNERSHIP OF UNDERLYING LAND

EXHIBIT L - QUESTIONS AND ANSWERS SHEET

EXHIBIT M - SAMPLE WARRANTY DEED

1. DESCRIPTION OF CONDOMINIUM. This Prospectus is presented by U.S. Home Corporation, a Delaware corporation, authorized to do business in Florida (the "Developer").

Terrace VI at Heritage Cove, a Condominium will be located in Heritage Cove Community Association, a residential planned development in Lee County, Florida, zoned to include condominiums, villas, and single family homes, together with recreation and other common facilities. The legal description of the land to be submitted to condominium ownership as part of this Condominium is found in Exhibit "A" to this Prospectus. Construction is substantially complete at this time.

The Condominium will contain thirty (30) units in one (1), (4) four-story building. The survey, plot plans, and unit floor plans are attached to this Prospectus as Exhibit "B" . There will be three (3) typical unit types in this Condominium. Developer reserves the right to construct any mix of unit types in each building, including omitting a particular unit type altogether, based on customer demand.

ASHBURY - 2 bedroom/2 bath, consisting of approximately 1,194 square feet of living space, a lanai consisting of approximately 112 square feet, and an entry consisting of approximately 12 square feet, for a total of 1,318 square feet.

BROOKSIDE - 2 bedroom/2 bath, consisting of approximately 1,232 square feet of living space, a lanai consisting of approximately 104 square feet, and an entry consisting of approximately 26 square feet, for a total of 1,362 square feet.

COLONADE - 2 bedroom/2 bath, with den, consisting of approximately 1,408-square feet of living space, a lanai consisting of approximately 102 square feet, and an entry consisting of approximately 34 square feet, for a total of 1,544 square feet.

ALL dimensions are approximate and are measured from the middle to middle of the block construction.

This is not a phase condominium under section 718.403 of the Condominium act.

2. UNIT OWNERS IN THIS CONDOMINIUM ARE REQUIRED TO BE MEMBERS OF HERITAGE COVE COMMUNITY ASSOCIATION, INC., AND TO PAY A SHARE OF THE EXPENSES OF OPERATING COMMONLY USED FACILITIES OWNED BY THE COMMUNITY ASSOCIATION.

Terrace VI at Heritage Cove, a Condominium is subject to the Declaration of Covenants, Conditions, and Restrictions for Heritage Cove Community Association (the "Community Association Declaration") dated October 1, 1999, and recorded in Official Records Book 3178, at Pages 0965-1053 et seq., of the Public Records of Lee County, Florida. Each unit owner in this Condominium automatically becomes a member of Heritage Cove Community Association, Inc. (the "Community Association"), a non-profit corporation created to own and maintain the common areas and facilities of the Community Association that are available to residents of the Heritage Cove community. Each member has the rights, privileges and obligations of membership set forth in Section 4 of the Community Association Declaration, and in the Articles of Incorporation and Bylaws of the Community Association. Those documents are attached as parts of Exhibit "G" to this Prospectus. The recreation and common facilities to be owned and operated by the Community Association are described in Paragraph 5 below.

3. THE UNITS ARE BEING SOLD IN FEE SIMPLE INTEREST.

4. RECREATION AND OTHER COMMON FACILITIES TO BE USED ONLY BY UNIT OWNERS OF THIS CONDOMINIUM. There are none.

5. COMMUNITY ASSOCIATION RECREATION FACILITIES. The facilities described in this paragraph are part of the Community Association Common Areas to be owned, operated and maintained by Heritage Cove Community Association, Inc. The facilities are not common elements of this Condominium. Except as otherwise noted below, these facilities are available for use at this time.

(A) A clubhouse, in excess of 6,500 square feet, which will contain a multi-purpose room, exercise room, conference room, crafts room and men's and women's restrooms.

(B) One (1) swimming pool:

Community Association Pool: Spa. One heated swimming pool located at the clubhouse, having an approximate size of 40' x 70', an approximate depth of 3' at the shallow end and 6' at the deepest point, and a capacity of approximately 40 people. There will be an irregular-shaped perimeter deck surrounding the swimming pool of approximately 3,000 square feet of surface area and a capacity of 50 people. The spa will be 6' x 6' and have a capacity of 6 people.

(C) Four (4) hartrue surface tennis courts, fenced and lighted.

It is anticipated that the maximum number of units that will use these facilities in common with owners in this Condominium (including this Condominium) will be 597, but may be higher. The Developer is committed to spend at least \$100,000 to provide furnishings, fixtures and equipment for these facilities. Any additional amounts necessary to provide furnishings, fixtures and equipment for the Community Association Common Areas may be taken from initial capital assessments to the Community Association by purchasers, (if imposed by the Community Association) or from any other Community Association revenue source.

6. THERE ARE LIENS OR LIEN RIGHTS AGAINST EACH UNIT TO SECURE THE PAYMENT OF ASSESSMENTS OR OTHER EXACTIONS COMING DUE FOR THE USE, MAINTENANCE, UPKEEP OR REPAIR OF THE RECREATION OR COMMONLY USED FACILITIES OWNED BY THE COMMUNITY ASSOCIATION AND THE COMMUNITY ASSOCIATION PROPERTY. A UNIT OWNER'S FAILURE TO MAKE THESE PAYMENTS MAY RESULT IN FORECLOSURE OF THE LIEN.

See Section 9 of the Community Association Declaration (part of Exhibit "G").

7. THE RECREATION AND COMMONLY USED FACILITIES OF THE COMMUNITY ASSOCIATION MAY BE EXPANDED OR ADDED TO WITHOUT THE CONSENT OF THE UNIT OWNERS OR THE CONDOMINIUM ASSOCIATION.

Although the Developer is not committed to expand or add to the recreation facilities, the Developer reserves the right to add additional facilities, at its cost and expense. See Section 3 of the Community Association Declaration, part of Exhibit "G" hereto.

8. MANAGEMENT CONTRACTS. THERE IS NO CONTRACT FOR THE MANAGEMENT OF THE CONDOMINIUM PROPERTY. There is presently no management Contract in effect, and the Condominium Association will manage the Condominium in accordance with law and the provisions of the Declaration of Condominium, and the Articles of Incorporation and Bylaws of the Association. The Board of Directors may, however, in its discretion, enter into a management contract and delegate certain management functions and duties of the Association. If it does so during the period of Developer control, the contract will not be for a period longer than one (1) year, and will be subject to cancellation as provided in Section 718.302(1), Florida Statutes.

9. The Developer intends to sell all units and has no program for leasing.

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

In order to foster a community of congenial residents and occupants and protect the value of the units, there are specific restrictions on the sale, lease, or other transfer of title to the units, which may be found in Sections 13 and 14 of the Declaration of Condominium, Exhibit "1" to this Prospectus. **Units may not be leased for periods of less than thirty (30) consecutive days.**

The declarant makes no representations or warranties regarding the financial feasibility of leasing units or the income to be derived. Any owner who desires or intends to lease a living unit must independently determine and assume responsibility for the feasibility of renting, and should consult his own advisor with respect to the tax consequences and other economic advantages and disadvantages of unit ownership.

11. SUMMARY OF RESTRICTIONS ON USE. Other than those referred to in the preceding paragraph, the restrictions concerning use which are generally of most interest are, in summary:

- (A) Each unit is limited to residential use by only one family at any time.
- (B) There are restrictions on the age of unit-occupants (See section 24 of the Declaration).
- (C) There are restrictions on the keeping of pets.
- (D) Reasonable rules concerning use of the common elements may be made and amended from time to time by the Association's Board of Directors.
- (E) The parking of recreational or commercial vehicles, boats, trailers, campers, motor homes, off-road vehicles and the like on the condominium property is prohibited or restricted.

The initial rules and regulations are found in Exhibit "E" to this Prospectus. The principal restrictions on use and occupancy of the units are in Sections 12 and 13 of the Declaration of Condominium, Exhibit "1", to this Prospectus. Other restrictions are found in Section 5 of the Community Association Declaration (part of Exhibit "G").

12. THE DEVELOPER HAS THE RIGHT TO RETAIN CONTROL OF THE CONDOMINIUM ASSOCIATION AFTER A MAJORITY OF THE UNITS HAVE BEEN SOLD.

Unit owners other than the Developer become entitled to elect no less than one-third (1/3rd) of the Directors of the Condominium Association when they own at least fifteen percent (15%) of the units. The Developer retains the right to elect a majority of the Directors until three (3) years after sales by the Developer have been closed on fifty percent (50%) of the units to be ultimately operated by the Association; or until three (3) months after sales have been closed on ninety percent (90%) of the units; or until all the units have been completed and some have been conveyed to the purchasers and none of the others are being offered for sale by the Developer in the ordinary course of business; or until some of the units have been conveyed to purchasers and none of the others are being constructed or offered for sale by the Developer in the ordinary course of business; or until seven (7) years after the Declaration of Condominium is recorded, whichever shall first occur. The Developer retains the right to appoint at least one (1) Director so long as it owns at least five percent (5%) of the units.

13. UTILITY SERVICES:

Potable Water	-	Florida Cities Water Company
Irrigation Water	-	On-Site
Sewer	-	Florida Cities Water Company
Electricity	-	Florida Power & Light
Telephone	-	Sprint
Trash Pickup	-	Gulf Disposal
Storm Drainage	-	On-Site
Cable TV	-	Comcast

See also the notes to the Estimated Operating Budget, Exhibit "F" to this Prospectus.

14. APPORTIONMENT OF COMMON EXPENSES, COMMON SURPLUS, AND OWNERSHIP OF COMMON ELEMENTS. The manner in which the apportionment of common expenses, common surplus and ownership of common elements in this Condominium has been determined is by utilizing a fraction, the numerator of which is the number one (1), and the denominator of which is the number of units submitted to condominium ownership in this Condominium: thirty (30).

15. ESTIMATED OPERATING BUDGET. An Estimated Operating Budget for the Condominium Association and a schedule of unit owner's expenses are attached as part of Exhibit "F". This Estimated Operating Budget is for the initial twelve (12) month period of operation of the Condominium, which is expected to be the 2001 fiscal year, and sets forth the

anticipated and estimated operating expenses of the Association on a monthly, quarterly and annual basis, and also estimates the individual unit owner's expenses to meet the assessments of the Association.

16. CLOSING EXPENSES: TITLE INSURANCE. All closing costs will be paid by the Developer, except that a Purchaser will pay:

(A) The costs of recording the Warranty Deed and all documentary stamp taxes on the deed.

(B) The legal fees charged by his own attorney, if any.

(C) All expenses connected with mortgage financing, if any, including the premium for mortgagee title insurance.

(D) Contributions of \$100 to the working capital are start up funds of the Condominium Association, which shall be governed pursuant to F.S. §718.116(9)(b) and these funds may not be used for the payment of common expenses during the guarantee period.

Separate and apart from this contribution to the Association's working capital under 16(D) above, the Developer will impose a fee paid directly to the Developer in the amount of \$750.00. This contribution payable to the Developer may be used for any purpose, including but not limited to, future and existing capital improvements, operating expenses, support costs and start-up costs.

In addition, condominium association assessments for the quarter of closing, and Community Association assessments for the year of closing, will be prorated to the day of closing. The Developer will furnish an owner's policy of title insurance from a title company of its choosing. Purchasers will pay all charges connected with the issuance of the owner's policy of title insurance, including without limitation any closing fee, all fees for title search or title examination, and intangible taxes, except for the first \$300, which will be paid by the Developer. The Developer will reimburse to the Buyer the Developer's share of the actual real property taxes for the year of closing after the tax bill for that year is issued, and an affidavit to that effect will be issued to the Purchaser at the time of closing.

17. IDENTITY OF DEVELOPER. U.S. Home Corporation is a Delaware corporation, listed on the New York Stock Exchange, and authorized to do business in the State of Florida. U.S. Home and its predecessor corporations have been engaged in the construction of housing in Florida for over 40 years. The corporation constructs residential housing on the west coast of Florida from Lee County to Pasco County, and is presently engaged in the development of a number of residential communities in which it offers consumers a wide variety of homes, villas and condominiums. U.S. Home has developed more than 350 low, medium and high-rise

condominium projects in Florida. The corporation's Lee/Collier Division has direct responsibility for the development of Terrace VI at Heritage Cove, a Condominium. Joseph Grimes, the Division President of the Lee/Collier Division, and is the officer chiefly responsible for the development of Terrace VI at Heritage Cove, a Condominium. Mr. Grimes has fifteen years of experience in the construction/condominium industry in both an operational and staff capacity, and has been associated with U.S. Home Corporation for fifteen (15) years.

18. GOOD FAITH EFFORT TO COMPLY. The Developer has attempted in good faith to comply with the disclosure requirements of the Florida Condominium Act. This document does not purport to describe all of the features of the Condominium, but rather attempts to comply with the requirements of law by summarizing and disclosing the important features of the Condominium and the rights and obligations which will accrue to purchasers. More detailed information can be obtained by consulting the exhibits to this Prospectus.

f:\wpdata\cjs\ushome\heritage.cov\terrace.6\prospect.doc