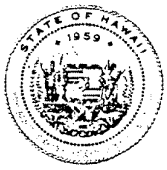

REAL ESTATE COMMISSION
STATE OF HAWAII
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
PROFESSIONAL AND VOCATIONAL LICENSING DIVISION
1010 Richards Street - P. O. Box 3469
Honolulu, Hawaii 96801

CONDOMINIUM PUBLIC REPORT

on

PEARL HORIZONS, PHASE IIIB
98-634 & 98-650 Moanalua Loop
Aiea, Hawaii

Registration No. 1992

Issued: August 16, 1990
Expires: September 16, 1991

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of July 31, 1990, and is issued by the Commission for informational purposes only. It represents neither approval nor disapproval of the project. Buyers are encouraged to read this report carefully.

Type of Report:

____ **PRELIMINARY:** *(yellow)* The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued when complete information is filed.

X **FINAL:** *(white)* The developer has legally created a condominium and has filed complete information with the Commission.

[ ] No prior reports have been issued
[X] Supersedes all prior public reports
[ ] Must be read together with _____

____ **SUPPLEMENTARY:** *(pink)* Updates information contained in the

[ ] Prelim. Public Report dated _____
[ ] Final Public Report dated _____
[ ] Supp. Public Report dated _____

And [ ] Supersedes all prior public reports
[ ] Must be read together with _____

[ ] This report reactivates the _____ public report(s) which expired on _____

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

[ ] Required [X] Not Required - disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

This summary contains a general description of the changes, if any, made by the developer since the last public report was issued. *It is not necessarily all inclusive. Prospective buyers should compare this public report with the earlier reports if they wish to know the specific changes that have been made.*

[ ] No prior reports have been issued by the Commission.

[X] Changes made are as follows:

1. The Declaration of Condominium Property Regime, as amended, Condominium Map, as amended, and By-Laws of the Association of Apartment Owners were recorded in the Bureau of Conveyances of the State of Hawaii. Developer reports that regular parking stalls 243 and 242 are now compact stalls, as evidenced by First Amendment to the Declaration. See page 7 of this Report for recording information.

2. The House Rules for this condominium was adopted by the developer on February 13, 1990. The developer, however, has superseded said House Rules and had adopted on February 13, 1990, Amended House Rules. See page 8 of this Report.

3. The address of the project, as shown on page 1 of the Preliminary Public Report on this project was incorrectly stated. The correct address is as shown on page 1 hereof and as shown on page 10 of the Preliminary Public Report.

4. Developer reports that there are no trash chutes. See page 11 of this Report.

5. An updated title report on the land reflects the encumbrances against the land. See page 15 and Exhibit "A" of this Report for an updated list of encumbrances against the land.

6. Exhibit "B" to this Report contains an updated schedule of maintenance fees and maintenance fee disbursements. See page 16 of this Report.

7. Developer reports that it is expected that construction of Pearl Horizons, Phase IIIB will be completed July, 1990. See page 17 of this Report.

8. Developer reports that Phases I and IIIA have been merged/consolidated. Upon completion of Phase IIIB, Phase I and IIIA will be merged or consolidated with Phase IIIB. See page 17 of this Report.

9. Developer also reports that the parking lot layout has been revised. Parking stalls 257C, 258C, 259C, 260C, 261C and 262C are now slanted, as shown on the revised parking lot layout attached hereto as Exhibit "C" and made a part hereof.

Except for the changes as noted above, all of the information provided in the Preliminary Public Report on Pearl Horizons, Phase IIIB, dated May 2, 1989, remains unchanged.

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Real Estate Sales Agent
Escrow Company
Managing Agent
Attorney for Developer

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GENERAL INFORMATION ON CONDOMINIUMS

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of Hawaii's *"Condominium Property Act"* (Chapter 514A, Hawaii Revised Statutes) must be followed.

If you are a typical condominium apartment owner, you will have two kinds of ownership: (1) ownership in your individual apartment; and (2) an undivided interest in the common elements.

Common elements are the areas of the condominium project other than the individual apartments. They are owned jointly by all apartment owners and include the land, either in fee simple or leasehold, and those parts of the building or buildings intended for common use such as foundations, columns, roofs, halls, elevators, and the like. Your undivided interest in the common elements cannot be separated from ownership of your apartment.

In some condominium projects, some common elements are reserved for the exclusive use of the owners of certain apartments. These common elements are called limited common elements and may include parking stalls, patios, lanais, trash chutes, and the like.

You will be entitled to exclusive ownership and possession of your apartment. Condominium apartments may be individually bought, sold, rented, mortgaged, or encumbered, and they may be disposed of by will, gift, or operation of law.

Your apartment will, however, be part of the group of apartments that comprise the condominium project. Study the Declaration, Bylaws, and House Rules. These documents contain important information on the use and occupancy of apartments and the common elements as well as the rules of conduct for owners, tenants, and guests.

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owner/tenant) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements. The leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

Operation of the Condominium Project

The Association of Apartment Owners is the entity through which apartment owners may take action with regard to the administration, management, and operation of the condominium project. Each apartment owner is automatically a member of the Association.

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without a vote of the owners. Some of these actions may significantly impact the quality of life for all apartment owners.

Until there is a sufficient number of purchasers of apartments to elect a majority of the Board of Directors, it is likely that the developer will effectively control the affairs of the Association. It is frequently necessary for the developer to do so during the early stages of development and the developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective buyers should understand that it is vitally important to all apartment owners that the transition from developer to owner control be accomplished in an orderly manner and in a spirit of cooperation.

SUMMARY OF THE CONDOMINIUM PROJECT

Interest to be Conveyed to Buyer:

[X] Fee simple interest in an apartment and an undivided fee hold interest in the common elements.
[ ] Leasehold interest in an apartment and an undivided leasehold interest in the common elements.
[ ] Fee simple interest in an apartment and an undivided leasehold interest in the common elements.

Types of Project:

1. [X] New Building(s) [ ] Conversion
   [ ] Both New Building(s) and Conversion

2. [X] Residential [ ] Commercial
   [ ] Mixed Residential and Commercial
   [ ] Other _____

3. [ ] High Rise (5 stories or more) [X] Low Rise

4. [ ] Single or [X] Multiple Buildings

5. Apartment Description (See Exhibit "K" for list of apartment numbers and apartment type.)

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Lanai/Patio (sf)	Total (sf)
D	5	2/1-1/2	858.42	129.96	988.38
D-R	5	2/1-1/2	858.42	129.96	988.38
F	5	2/1-1/2	860.85	56.31	917.16
F-R	5	2/1-1/2	860.85	56.31	917.16
H	5	2/1-1/2	917.16	0	917.16
H-R	5	2/1-1/2	917.16	0	917.16

Total Apartments: 30

**Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.*

Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.

6. Parking:

	Number of Stalls
Assigned Stalls (Individual Units)	30
Guest Stalls	
Unassigned Stalls	
Extra Stalls Available for Purchase	17
Other: _____	
Total Parking Stalls	47

7. Recreational amenities:

See additional information on page 17, paragraph K.

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: PEARL HORIZONS ASSOCIATES
Name
Phone: 839-7241 (Business)

1062 Kikowaena Place
Business Address

Honolulu, Hawaii 96819

Names of officers or general partners of developers who are corporations or partnerships:

Waimalu Venture, a registered Hawaii general partnership

Pearl Sun Associates, a registered Hawaii limited partnership

Pearl Hui, a Hawaii general partnership

Real Estate Sales Agent: Ujimori Realty, Inc.
Name
Phone: 536-7718 (Business)

1001 Bishop Street, Suite 958
Business Address

Honolulu, Hawaii 96813

Escrow: Security Title Corporation
Name
Phone: 521-9511 (Business)

1001 Bishop Street, Suite 1200
Business Address

Honolulu, Hawaii 96813

Managing Agent: Frank Hinshaw, Ltd.
Name
Phone: 533-1677 (Business)

1360 S. Beretania Street, Suite 304
Business Address

Honolulu, Hawaii 96814

Attorney for Developer: Ikazaki, Devens, Lo, Youth & Nakano (Attn.: James H. Q. Lee, Esq.)
Name
Phone: 521-1456

220 S. King Street, Suite 1600
Business Address

Honolulu, Hawaii 96813

II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners.

A. **Declaration of Condominium Property Regime** contains a description of the land, buildings, apartments, common elements, limited common elements, common interests, and other information relating to the condominium project.

The Declaration for this condominium is:

[ ] Proposed
[X] Recorded - Bureau of Conveyances - Book _____ Page _____ Doc. No. 90-065671
[ ] Filed - Land Court - Document Number _____

Amendment date(s) and recording/filing information:
First Amendment to the Declaration recorded July 27, 1990, in Document No. 90-114766.
Consent to First Amendment recorded July 27, 1990, in Document No. 90-114767.

B. **Condominium Map (File Plan)** shows the floor plan, elevation and layout of the condominium project. It also shows the floor plan, location, apartment number, and dimensions of each apartment.

The Condominium Map for this condominium project is:

[ ] Proposed
[X] Recorded - Bureau of Conveyance Condo Map No. 1323
[ ] Filed - Land Court Condo Map No. _____

Amendment date(s) and recording/filing information:

Condo Map amended by First Amendment recorded July 27, 1990, in Document No. 90-114766.

C. **Bylaws of the Association of Apartment Owners** govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Apartment Owners is elected, the powers and duties of the Board, the way in which meetings will be conducted, and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

[ ] Proposed
[X] Recorded - Bureau of Conveyances - Book _____ Page _____ Doc. No. 90-065672
[ ] Filed - Land Court - Document Number _____

Amendment date(s) and recording/filing information:

The Condominium Statute (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

D. **House Rules.** The Board of Directors may adopt house rules to govern the use and operation of the common elements and individual apartments. House rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais, keeping of pets, and occupancy limits. These rules must be followed by owners, tenants, and guests. They do not need to be recorded or filed to be effective. The initial house rules are usually adopted by the developer.

The House Rules for this condominium are:

[ ] Proposed [X] Adopted

[ ] Developer does not plan to adopt house rules.

E. **Changes to Condominium Documents**

Changes to the Declaration, Condominium Map, and Bylaws are effective only if they are duly adopted and recorded and/or filed. Changes to House Rules do not need to be recorded or filed to be effective.

1. Apartment Owners: Minimum percentage of common interest which must vote for or give written consent to changes:

	Minimum Set by Law	This Condominium
Declaration (and Condo Map)	75%	75%
Bylaws	65%	65%
House Rules	---	65%

The percentages for individual condominium projects may be more than the minimum set by law.

2. Developer: The developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws, or House Rules:

See Exhibit "A" attached hereto and made a part hereof.

III. THE CONDOMINIUM PROJECT

A. **Interest to be Conveyed to Buyer:**

[X] Fee Simple: Individual apartments and the common elements which includes the underlying land will be in fee simple.

[ ] Leasehold or Subleasehold: Individual apartments and the common elements which includes the underlying land will be leasehold.

The leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (tenant) deliver to the lessor (fee property owner) possession of the leased premises and all improvements, including improvements paid for by the lessee.

Exhibit _____ contains further explanations.

Lease Term Expires: _____
Rent Renegotiation Date(s): _____
_____

Lease Rent Payable: [ ] Monthly [ ] Quarterly
[ ] Semi-Annually [ ] Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per
[ ] Month [ ] Year.

[ ] Individual Apartments in Fee Simple Common Interest in the Underlying Land in Leasehold or Subleasehold:

The leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners - tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements; or (2) convey the building(s) and improvements to the lessor, often at a specified price.

Exhibit _____ contains further explanations.

Lease Term Expires: _____
Rent Renegotiation Date(s): _____
_____

Lease Rent Payable: [ ] Monthly [ ] Quarterly
[ ] Semi-Annually [ ] Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per
[ ] Month [ ] Year.

[ ] Other:

For Subleaseholds:

[ ] Buyer's sublease may be cancelled if the master lease between the sublessor and fee owner is
[ ] Cancelled [ ] Foreclosed

[ ] As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is cancelled or foreclosed.

B. **Underlying Land:**

Address: 98-634 Moanalua Loop
98-650 Moanalua Loop
Waimalu, Oahu, Hawaii

Tax Map Key (TMK): 9-8-13-24

[ ] Address [ ] TMK is expected to change because _____

Land Area: 32,226 [X] square feet [ ] acre(s) Zoning: A-1 (low density apartment)

Fee Owner: Pearl Horizons Associates
Name

1062 Kikowaena Place
Address

Honolulu, Hawaii 96819

Sublessor: _____
Name

_____
Address

C **Buildings and Other Improvements:**

1. [X] New Building(s) [ ] Conversion of Existing Building(s)
   [ ] Both New Building(s) and Conversion

2. Buildings: Two Floors Per Building 3

   [ ] Exhibit _____ contains further explanations.

3. Principal Construction Material:

   [X] Concrete [ ] Hollow Tile [X] Wood

   [ ] Other _____

4. Permitted Uses:

	No. of Apts.		No. of Apts.
[ ] Commercial		[ ] Industrial	
[X] Residential	30	[ ] Agricultural	
[ ] Timeshare/Hotel		[ ] Recreational	
[ ] Other:			

5. Special Use Restrictions:

The Declaration, Bylaws, and House Rules may contain restrictions on the use and occupancy of apartments. Restrictions for this condominium project include but are not limited to:

[X] Pets No livestock, poultry or rabbits

[X] Number of Occupants: Four (4) if non-family and not more than six (6) if family

[ ] Other: _____

[ ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Total Apartments 30

Elevators None Stairways 3 Trash Chutes None

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Lanai/Patio (sf)	Total (sf
D	5	2/1-1/2	858.42	129.96	988.38
D-R	5	2/1-1/2	858.42	129.96	988.38
F	5	2/1-1/2	860.85	56.31	917.16
F-R	5	2/1-1/2	860.85	56.31	917.16
H	5	2/1-1/2	917.16	--	917.16
H-R	5	2/1-1/2	917.16	--	917.16

**Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.*

Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.

Boundaries of Each Apartment:

See Exhibit "B" attached hereto and made a part hereof.

Permitted Alterations to Apartments;

No alterations or additions to any apartment which is visible from the exterior of the apartment nor any alterations or additions to the common elements may be made without prior approval of the Board or Association.

7. Parking Stalls:

Total Parking Stalls: 47 (See Exhibit "J", as revised)

	Regular		Compact		Tandem		
	covered	open	covered	open	covered	open	TOTAL
Assigned (for individual units)		24		6			30
Guest							
Unassigned							
Extra Available for Purchase		5		12			17
Other:							
Total Covered & Open	29		18		0		

Each apartment will have the exclusive use of at least 1 parking stall(s). Buyers are encouraged to find out which stall(s) will be available for their use.

[ ] Commercial parking garage permitted in condominium project.

[X] Exhibit "J" contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities.

[X] There are no recreational or common facilities.
See additional information on page 17, paragraph K.

[ ] Swimming pool

[ ] Recreation Area

[ ] Tennis Court

[ ] Storage Area

[ ] Laundry Area

[ ] Trash Chute

[ ] Other: _____

_____

9. Present Condition of Improvements NOT APPLICABLE

(For conversions of residential apartments in existence for at least five years):

a. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations

b. Compliance With Building Code and Municipal Regulations; Cost to Cure Violations

10. Conformance to Present Zoning Code

a. [X] No variances to zoning code have been granted.

[ ] Variance(s) to zoning code was/were granted as follows:

b. Conforming/Non-Conforming Uses, Structures, Lot

In general, a non-conforming use, structure, or lot is a use, structure, or lot which was lawful at one time but which does not now conform to present zoning requirements.

	Conforming	Non-Conforming	Illegal
Uses	X		
Structures	X		
Lot	X		

If a variance has been granted or if uses, improvements or lot are either non-conforming or illegal, buyer should consult with county zoning authorities as to possible limitations which may apply.

Limitations may include restrictions on extending, enlarging, or continuing the non-conformity, and restrictions on altering and repairing structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

The buyer may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure, or lot.

D. **Common Elements, Limited Common Elements, Common Interest:**

1. Common Elements: Common Elements are those parts of the condominium project intended to be used by all apartment owners. They are owned jointly by all apartment owners.

   [X] Exhibit "C" describes the common elements.

   [ ] As follows:

2. Limited Common Elements: Limited Common Elements are those common elements which are reserved for the exclusive use of the owners of certain apartments.

   [ ] There are no limited common elements in this project.

   [X] The limited common elements and the apartments which may use them are:

   [X] described in Exhibit "D"

   [ ] as follows:

3. Common Interest: Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest." It is often used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium. It may also be used for other purposes, including voting on matters requiring action by apartment owners.

   [ ] Exhibit _____ describes the common interests for each apartment.

   [X] As follows:

Type	Undivided Percentage Interest
D*	3.25599
D-R	3.25599
F	3.26521
F-R	3.26521
H	3.47879
H-R	3.47879

* except Apt. 130, which has an undivided percentage interest of 3.25609.

E. **Encumbrances Against Title:** An encumbrance is a claim against or a liability on the property.

Exhibit "E" describes the encumbrances against the title contained in the title report dated February 2, 1990 and issued by Security Title Corporation.

Blanket Liens:

A blanket lien is a mortgage on a condominium project that secures a construction loan. It is usually released on an apartment-by-apartment basis upon payment of specified sums so that individual apartments can be conveyed to buyers free and clear of the lien.

[ ] There are no blanket liens affecting title to the individual apartments.

[X] There are blanket liens which may affect title to the individual apartments.

Blanket liens (except for improvement district or utility assessments) must be released before the developer conveys the apartment to a buyer. Buyer's interest will be affected only if the developer defaults prior to conveying the apartment to buyer.

Type of Lien	Effect on Buyer's Interest If Developer Defaults
Mortgage liens in favor of Great Stone Corporation and City Bank	Purchaser's interest would be foreclosed but purchaser's funds held in escrow would be refunded.

F. **Management of the Common Elements:** The Association of Apartment Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a managing agent to assist the Association in managing the condominium project.

Initial Managing Agent: When the developer or the developer's affiliate is the initial managing agent, the management contract must have a term of one year or less and the parties must be able to terminate the contract on notice of 60 days or less.

The initial managing agent for this condominium is:

[X] not affiliated with the Developer.

[ ] the Developer or the Developer's affiliate.

[ ] self-managed by the Association of Apartment Owners.

[ ] other _____

G. **Estimate of Initial Maintenance Fees:**

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, your apartment may be liened and sold through a foreclosure proceeding.

Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided to each apartment.

Exhibit "F" contains a schedule of maintenance fees and maintenance fee disbursements.

H. **Utility Charges for Apartments:**

Each apartment will be billed separately for utilities except for the following checked utilities which are included in the maintenance fees:

[ ] Electricity

[ ] Gas

[ ] Other _____

[ ] Not applicable

[ ] Television Cable

[X] Water & Sewer

I. **Construction Warranties:**

Warranties for individual apartments and the common elements, including the beginning and ending dates for each warranty, are as follows:

1. Building and Other Improvements:

See Exhibit "G" attached hereto and made a part hereof.

2. Appliances:

See Exhibit "G" attached hereto and made a part hereof.

J. **Status of Construction and Estimated Completion Date:**

Construction of Pearl Horizons, Phase IIIB, was completed in July, 1990.

K. **Project Phases:**

The developer [X] has [ ] has not reserved the right to add to, merge, or phase this condominium.

Summary of Developer's Present Plans for Future Development:

Phase I, consisting of two separate three-story buildings containing 90 apartments and Phase IIIA consisting of one three-story building containing 36 apartments have been completed. Phase IIIB consists of two separate three-story buildings containing 30 apartments. Upon the completion of Phase IIIB, Phase I and IIIA will be merged or consolidated with Phase IIIB. Upon the completion of Phase II, Phase I, Phase IIIA, Phase IIIB will be merged with Phase II. The plans for Phase II have not been finalized. It is anticipated that Phase IIA will contain the recreational area for the Pearl Horizons project consisting of a sauna, swimming pool, men's and women's exercise facilities, manager's office and bar-be-cue area. Upon such merger or consolidation, all apartment owners in the Pearl Horizons Condominium Project shall have the right to use and enjoy the recreational facilities. In the event the recreational facilities are completed prior to the completion of Phase IIA, all apartment owners in the Pearl Horizons Condominium Project shall have the right to use the recreational facilities prior to any merger or consolidation of the phases, provided that the condominium Associations agree to pay for their proportionate cost of maintaining the recreational facilities.

Developer is under no obligation to develop any phase subsequent to this phase, and any rights reserved to Developer, including easements, to develop future increments shall terminate after December 31, 1993.

L. **Sales Documents Filed With the Real Estate Commission:**

Sales documents on file with the Real Estate Commission include but are not limited to:

[X] Notice to Owner Occupants

[X] Specimen Sales Contract

Exhibit "H" contains a summary of the pertinent provisions of the sales contract.

[X] Escrow Agreement dated October 24, 1988

Exhibit "I" contains a summary of the pertinent provisions of the escrow contract.

[ ] Other _____

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

Buyer's Right to Cancel Sales Contract:

A. Rights Under the Condominium Statute:

Preliminary Report: Sales made by the Developer are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to $250.00.

Supplementary Report to a Preliminary Report: Same as for Preliminary Report.

Final Report, Supplementary Report to a Final Report: Sales made by the Developer are binding if:

1. The Developer delivers to the buyer a copy of:
   a. Either the Final Public Report **OR** the Supplementary Public Report which has superseded the Final Public Report;
      AND
   b. Any other public report issued by the Commission prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;
2. The buyer is given an opportunity to read the report(s); and
3. One of the following has occurred:
   a. The buyer has signed a receipt for the report(s) and waived the right to cancel; or
   b. Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
   c. The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

Material Change: Binding contracts with the Developer may be rescinded by the buyer if:

1. There is a material change in the condominium which directly, substantially, and adversely affects (a) the use or value of the buyer's apartment or its limited common elements; or (b) the amenities available for buyer's use; and
2. The buyer has not waived the right to rescind.

If the buyer rescinds a binding sales contract because there has been a material change, the buyer is entitled to a full and prompt refund of any moneys the buyer paid.

B. Rights Under the Sales Contract:

Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the condominium. These include but are not limited to the:

1. Condominium Public Reports issued by the Hawaii Real Estate Commission.
2. Declaration of Condominium Property Regime and Condominium Map.
3. Bylaws of the Association of Apartment Owners.
4. House Rules.
5. Escrow Agreement.
6. Hawaii's Condominium Law (Chapter 514A, HRS, as amended; Hawaii Administrative Rules, Chapter 16-107, adopted by the Real Estate Commission).
7. Other _____

If these documents are not in final form, the buyer should ask to see the most recent draft.

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Law (Chapter 514A, HRS, and Hawaii Administrative Rules, Chapter 16-107) are available at the Department of Commerce and Consumer Affairs.

This Public Report is a part of Registration No. 1992 filed with the Real Estate Commission on November 4, 1988.

Reproduction of Report. When reproduced, this report must be on:

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Expiration Date of Reports. Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the date of issuance unless a Supplementary Public Report is issued or unless the Commission issues an order extending the effective period for the report.

Peter N Yanagawa

PETER N. YANAGAWA, Chairman
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

Bureau of Conveyances
Department of Finance, City and County of Honolulu
Planning Department, City and County of Honolulu
Federal Housing Administration
Escrow Agent

EXHIBIT "A"

DEVELOPER RESERVED RIGHTS

1. Developer shall have the right to amend the Declaration to add, delete, relocate, realign, reserve and grant all easements and right-of-ways and to otherwise make alterations in and use the common elements for the development and construction of additional phases, and to designate additional limited common elements for use of the subsequent phases, including but not limited to, easements and right-of-ways for utilities, cesspools, sanitary and storm sewers, sewage treatment plants, refuse disposal, driveways, parking areas and roadways.

2. Developer shall have the right to amend the Declaration and the Condominium Map to merge or to consolidate phases in the Pearl Horizons project.

3. Developer shall have the right to amend the Declaration, By-Laws and Apartment Deed, as may be required by law, any title insurance company, or any institutional mortgagee or as may be required to effect Developer's phase development of the project.

EXHIBIT "B"

BOUNDARIES OF EACH APARTMENT

The respective residential apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls or of the interior load-bearing walls, the floors and perimeter ceilings surrounding each apartment, or any pipes, wires, ducts, conduits, or other utility or service lines running through such apartments which are utilized for or serve more than one apartment, all of which are common elements. Each residential apartment shall be deemed to include the walls and partitions which are not load-bearing and which are within its perimeter walls, doors and door frames, windows and window frames, the inner decorated or finished surfaces of walls, floors and ceilings, adjoining and connected thereto, and all fixtures originally installed therein.

Notwithstanding the designation of the limits of the apartments, the net area of each respective residential apartment as enumerated herein include lanais, if any, and is measured from the interior face of the apartment perimeter walls, and the interior face of party walls, and no reduction is made to account for interior load-bearing walls, ducts, vent shafts and the like, located within the perimeter walls.

EXHIBIT "C"

COMMON ELEMENTS

1. Said land in fee simple.

2. All foundations, columns, girders, beams, supports, unfinished perimeter, party and load-bearing walls, roofs, stairs and stairways, entrances and exits of said buildings.

3. All driveways, sidewalks, parking areas, yards, gardens, trash areas, loading zones and recreational facilities, storage spaces, a manager's office, a guard house and a cook-out area, if any.

4. All ducts, sewer lines, electrical equipment, pipes, wiring and other central and appurtenant transmission facilities, installations which serve more than one apartment for services such as power, light, water, gas, refuse, telephone, radio and television signal distribution.

5. All tanks, pumps, motors, fans, compressors, ducts, and, in general, all apparatus and installations existing for common use.

6. Any and all other apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance or safety, and normally in common use.

EXHIBIT "D"

LIMITED COMMON ELEMENTS

1. One (1) automobile parking stall shall be assigned to each of the residential apartments except Apartment No. 130 which shall have assigned to it an additional seventeen (17) parking stalls, for a total of eighteen (18) parking stalls, as designated in the Declaration upon the original conveyance thereof and shall be appurtenant to and for the exclusive use of each such apartment. There are two types of parking stalls designated as regular and compact. The parking stalls are numbered consecutively and are designated on said Condominium Map with the letter C if they are compact. There is no letter designation for the regular stalls. Nineteen (19) of the parking stalls are compact, each containing an area of approximately 120 square feet and twenty-eight (28) of the parking stalls are regular, each containing an area of approximately 161.5 square feet. Any parking space easement appurtenant to a residential apartment may be transferred from residential apartment to residential apartment in the Project by way of amendment to the Declaration and as provided in Section 514A-14, HRS.

2. Entry patios, porches, decks and steps and entry walkways and stairways which would be used only for the purposes of ingress to and egress from a particular apartment shall be appurtenant to and for the exclusive use of said apartment.

3. Each of the ground floor apartments designated as D or D-R type apartments shall have exclusive use of the rear yard areas situated immediately outside of their lanais. The owners of these units shall have the right to erect a fence not exceeding six (6) feet in height extending from the middle of the dividing walls of their apartments to the boundary of the rear yard area to enclose such area. All fences must be first approved by Developer or the Board of Directors of the Association of Apartment Owners. The apartment owners shall be responsible for maintaining such rear yard area.

4. All other common elements of the Project which are rationally related to less than all of said apartments shall be limited common elements appurtenant to the apartments to which they are so related.

EXHIBIT "E"

ENCUMBRANCES AGAINST TITLE

(1) Real Property taxes as may be due and owing. For further information on taxes, check with the Finance Director, City and County of Honolulu.

(2) Reservation in favor of the State of Hawaii of all mineral and metallic mines.

(3) Conditions as contained in Unilateral Agreement and Declaration for Conditional Zoning dated September 22, 1980, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 15005 at Page 320, to which reference is hereby made.

(4) 10-foot building setback line, as shown on survey map dated January 20, 1984, by Harry K. Matsuo, Registered Professional Surveyor, Certificate Number 2717. (also affects other property)

(5) Restrictive covenants as contained in Declaration dated December 5, 1984, recorded as aforesaid in Liber 18417 at page 582, to which reference is hereby made.

(6) Portion Easement 2 for utility and access purposes in favor of LOTS 2-A and 2-B, as per survey dated January 23, 1987, by Community Planning, Inc., by Harry K. Matsuo, Registered Professional Surveyor, Certificate Number 2717. (also affects other property).

(7) The terms and provisions of that certain Agreement for Issuance of Conditional Permit under Section 4.40-17 of the Land Use Ordinance (LUO) dated February 9, 1987, made by and between Pearl Horizons Associates, a Hawaii general partnership and the City and County of Honolulu, State of Hawaii, recorded as aforesaid in Liber 20541 at Page 266, to which reference is hereby made.

(8) Mortgage in favor of Great Stone Corporation, a Hawaii corporation, dated May 11, 1988, recorded as aforesaid in Liber 21920 at Page 766.

(9) Financing Statement dated May 12, 1988, in favor of Great Stone Corporation, recorded as aforesaid in Liber 21920 at Page 793.

(10) Mortgage in favor of City Bank, a Hawaii corporation, dated October 25, 1989, recorded as aforesaid in Liber 23836 at Page 253.

(11) Assignment of Sales Agreements and Escrow Agreements and Deposits in favor of City Bank, dated October 25, 1989, recorded as aforesaid in Liber 23836 at Page 300.

(12) Financing Statement dated November 2, 1989, in favor of City Bank, recorded as aforesaid in Liber 23836 at Page 318.

(13) Subordination Agreement dated October 27, 1989, recorded as aforesaid in Liber 23836 at Page 328. Re: the foregoing Mortgage is hereby subordinated to that certain Mortgage shown as encumbrance no. 10.

EXHIBIT "F"

DISCLOSURE ABSTRACT

Name of Project:	PEARL HORIZONS, PHASE IIIB 98-640 Moanalua Loop Waimalu, Oahu, Hawaii
Developer:	PEARL HORIZONS ASSOCIATES 1062 Kikowaena Place Honolulu, Hawaii 96819 Tel. 839-7241
Project Manager:	FRANK HINSHAW, LTD. 1360 S. Beretania Street, Suite 304 Honolulu, Hawaii 96814 Tel. 533-1677

Use of Apartments:

All the residential apartments in the Project shall be occupied and used only as private dwellings by the respective owners thereof, their tenants, families, domestic servants and personal guests. The parking stalls appurtenant to each residential apartment may be used only as a parking space for a motor vehicle. There are no commercial units in the Project. The residential apartments may not be used for any other purpose without the written consent of the Board of Directors of the Association and any governmental agencies whose approval is necessary. The owners of the respective apartments shall have the absolute right to lease the same, subject to the limitations, restrictions, covenants and conditions of the Condominium Property Act, the Declaration of Condominium Property Regime and the By-Laws. The apartments are subject to additional restrictions as set forth in (i) The Declaration of Condominium Property Regime of PEARL HORIZONS, PHASE IIIB, (ii) the By-Laws, (iii) the Apartment Deed, (iv) the sales contracts for the individual apartments, and (v) the House Rules. Copies of the foregoing documents are on file with the Real Estate Commission of the State of Hawaii.

The Developer is considering the development of additional phases in the Project. Pearl Horizons, Phase IIIB, is the third phase; Pearl Horizons, Phase I and Pearl Horizons, Phase IIIA has been completed. In this connection Developer reserves the right, at its sole discretion, to expand the project by the addition of apartments and to file such documents as may be reasonably required to exercise such right. The percentage interest in the common elements of Purchaser may be reduced upon such expansion of the project.

Warranties:

The specimen Sales Contract provides that Seller anticipates BUT DOES NOT WARRANT that the construction contract with the general contractor for the Project shall contain a warranty clause similar to Section 13.2.2 of AIA Document A201 which generally provides as follows:

> If, within one year after the date of substantial completion of the work or designated portion thereof or within one year after acceptance by Seller of designated equipment, any of the work is found to be defective or not in accordance with the contract documents, the contractor shall correct it promptly after receipt of a written notice from Seller to do so unless Seller has previously given the contractor a written acceptance of such condition. Seller shall give such notice promptly after discovery of the conditions.

Seller makes no warranties itself but Seller hereby agrees that if Purchaser shall give Seller written notice of any such condition promptly after discovery thereof, and during the unexpired term of such contractor's warranty, Seller shall forward such notice together with a written notice to the contractor to correct such condition. THE SELLER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE UNIT, CONSUMER PRODUCTS INSTALLED THEREIN, THE PROPERTY, THE PROJECT, OR ANYTHING INSTALLED THEREIN, INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY, HABITABILITY, WORKMANLIKE CONSTRUCTION OR FITNESS FOR A PARTICULAR USE. Seller shall attempt to assign to Purchaser the unexpired term, if any, of any manufacturer's or dealer's warranties covering any furnishings, fixtures, and appliances in the apartment. Purchaser acknowledges that the Seller is only passing through to Purchaser any such manufacturer's and dealer's warranties; Seller is not undertaking to adopt any such warranties or to act as co-warrantor with respect to any furnishings, fixtures or appliances covered by any such manufacturer's or dealer's warranties. The terms of the manufacturer's or dealer's written warranties are available for Purchaser's examination at the Seller's sales office.

THE ATTENTION OF THE PURCHASER IS DIRECTED TO PARAGRAPH 21 OF THE SALES CONTRACT (INCORPORATED HEREIN BY THIS REFERENCE) PERTAINING TO THE ABSENCE OF REPRESENTATIONS AND WARRANTIES CONCERNING THE APARTMENT, THE PROPERTY, THE PROJECT.

Maintenance Fees:

Attached is a breakdown on the estimated annual maintenance fees and the costs for each apartment, as prepared by the Management Agent as of June 15, 1990. The maintenance assessments cover those common expenses as set forth in the Declaration of Condominium Property Regime and By-Laws for the Pearl Horizons, Phase IIIB. Developer can make no assurances regarding the estimated maintenance assessments. In addition, such variables as inflation, uninsured casualty loss or damages, increased or decreased services from those contemplated by Developer, apartment owner delinquencies, and other factors may also cause the maintenance assessments to be greater or smaller than the estimated maintenance assessments. The attached breakdown of the estimated costs for each apartment does not include Purchaser's obligations for the payment of real property taxes; estimates of the real property taxes will be provided by the Sales Agent upon request.

DEVELOPER ADVISES THAT THE MAINTENANCE FEES OF A CONDOMINIUM PROJECT ARE DIFFICULT TO ESTIMATE PRIOR TO ACTUAL OPERATION OF THE PROJECT AND EVEN IF MAINTENANCE FEES HAVE BEEN ACCURATELY ESTIMATED, SUCH FEES WILL TEND TO INCREASE IN AN INFLATIONARY ECONOMY AND AS THE IMPROVEMENTS AGE. THE ESTIMATED MAINTENANCE FEES AND MONTHLY FEES FOR EACH APARTMENT ARE BASED ON THE LATEST INFORMATION AVAILABLE TO THE DEVELOPER AND MANAGEMENT AGENT AND ARE SUBJECT TO REVISION BASED ON ACTUAL COSTS FOR THE ITEMS ENUMERATED. MAINTENANCE FEES CAN VARY DEPENDING ON SERVICES DESIRED BY APARTMENT OWNERS. THE BUYER SHOULD CHECK THE ATTACHED MAINTENANCE FEE SCHEDULE TO SEE WHAT SERVICES ARE INCLUDED THEREIN.

This Disclosure Abstract supersedes in its entirety any and all Disclosure Abstracts heretofore prepared and provided to prospective purchasers in connection with this Project, said Disclosure Abstract(s) being of no further force and effect.

VA ADDENDUM TO DISCLOSURE ABSTRACT
PEARL HORIZONS, PHASE IIIB

Warranty Provision: Notwithstanding any provision in this Disclosure Abstract or in the condominium documents to the contrary, the Developer warrants each individual unit for structural defects for a period of one (1) year from the date of occupancy or the date of escrow closing of such unit, whichever is earlier. Furthermore, the Developer warrants all common areas for the Project for a period of two (2) years from the date of escrow closing for the first unit which is conveyed to a buyer other than Developer or the date of upon which such unit is available for occupancy by such buyer, whichever is later.

ASSOCIATION OF APARTMENT OWNERS
PEARL HORIZONS III B
PROPOSED OPERATING BUDGET 1990

	Monthly Budget	Annual Budget
RECEIPTS		
MAINTENANCE FEES	$3,150.00	$37,800.00
INTEREST	0.00	0.00
START UP FEES	525.00	6,300.00
TOTAL	$3,675.00	$44,100.00
DISBURSEMENTS		
ADMINISTRATION		
SALARIES & WAGES	$350.00	$4,200.00
OFFICE	50.00	600.00
MANAGEMENT FEE	375.00	4,500.00
LEGAL	25.00	300.00
AUDIT	100.00	1,200.00
TELEPHONE	40.00	480.00
RESIDENT MGR'S APT	250.00	3,000.00
OTHER - ADMINISTRATION	20.00	240.00
OPERATING		
ELECTRICITY	100.00	1,200.00
WATER & SEWER	600.00	7,200.00
EXTERMINATING	20.00	240.00
RUBBISH REMOVAL	200.00	2,400.00
FIRE CONTROL	10.00	120.00
REPAIRS & MAINTENANCE		
CUSTODIAL	10.00	120.00
LIGHTING	25.00	300.00
PLUMBING	10.00	120.00
GROUND MAINTENANCE	50.00	600.00
TOOLS & EQUIPMENT	50.00	600.00
SUPPLIES	50.00	600.00
ELECTRICAL	15.00	180.00
GENERAL MAINTENANCE	25.00	300.00
FIXED EXPENSES		
GENERAL EXCISE TAX	5.00	60.00
INCOME TAX	5.00	60.00
HAWAII UNEMPLOYMENT TAX	10.00	120.00
FEDERAL UNEMPLOYMENT TAX	10.00	120.00
FICA'ER	40.00	480.00
INSURANCE - SMP	400.00	4,800.00
INSURANCE - WORKERS COMP	75.00	900.00
INSURANCE - TDI	5.00	60.00
INSURANCE - EMPLOYEE MED	95.00	1,140.00
INSURANCE - OTHER	100.00	1,200.00
AMENITIES		
POOL	30.00	360.00
OTHER - AMENITIES	0.00	0.00
TOTAL DISBURSEMENTS	$3,150.00	$37,800.00
RECEIPTS MINUS DISBURSEMENTS	$525.00	$6,300.00

The monthly maintenance expense for each apartment type is listed below:

Type D, DR (except apartment 130)	0.0325599	$102.56
Type D, apartment 130 only	0.0325609	$102.57
Type F, FR	0.0326521	$102.85
Type H, HR	0.0347879	$109.58

The cash operating budget (prorated on a monthly basis) is for one year commencing June 1990. The information contained herein is based on the data available to us at this time.

We certify that the monthly operating costs have been based on generally accepted accounting principles.

June 15, 1990

by: Frank Hinshaw, President
Frank Hinshaw, Ltd.

EXHIBIT "G"

CONSTRUCTION WARRANTIES

1. Building and Other Improvements:

The Developer anticipates BUT DOES NOT WARRANT that the construction contract with the general contractor for the Project shall contain a warranty clause similar to Section 13.2.2 of AIA Document A201 which generally provides as follows:

> If, within two (2) years after the date of substantial completion of the work or designated portion thereof or within two (2) years after acceptance by Seller of designated equipment, any of the work is found to be defective or not in accordance with the contract documents, the contractor shall correct it promptly after receipt of a written notice from Seller to do so unless Seller has previously given the contractor a written acceptance of such condition. Seller shall give such notice promptly after discovery of the conditions.

Developer makes NO WARRANTIES itself but Developer hereby agrees that if Buyer shall give Developer written notice of any such condition promptly after discovery thereof, and during the unexpired term of such contractor's warranty, Developer shall forward such notice together with a written notice to the contractor to correct such condition. THE DEVELOPER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE UNIT, CONSUMER PRODUCTS INSTALLED THEREIN, THE PROPERTY, THE PROJECT, OR ANYTHING INSTALLED THEREIN, INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY, HABITABILITY, WORKMANLIKE CONSTRUCTION OR FITNESS FOR A PARTICULAR USE.

2. Appliances:

Developer shall attempt to assign to Buyer the unexpired term, if any, of any manufacturer's or dealer's warranties covering any furnishings, fixtures, and appliances in the apartment. Buyer acknowledges that the Developer is only passing through to Buyer any such manufacturer's and dealer's warranties; Developer is not undertaking to adopt any such warranties or to act as co-warrantor with respect to any furnishings, fixtures or appliances covered by any such manufacturer's or dealer's warranties. The terms of the manufacturer's or dealer's written warranties are available for Buyer's examination at the Developer's sales office.

THE ATTENTION OF THE PURCHASER IS DIRECTED TO PARAGRAPH 21 OF THE SALES CONTRACT (INCORPORATED HEREIN BY THIS REFERENCE) PERTAINING TO THE ABSENCE OF REPRESENTATIONS AND WARRANTIES CONCERNING THE APARTMENT, THE PROPERTY, THE PROJECT.

EXHIBIT "H"

SUMMARY OF PROVISIONS OF THE SALES CONTRACT

The Sales Contract establishes how the proceeds from the sale of apartments are placed in trust, as well as the retention and disbursement of said trust funds.

The specimen Sales Contract specifically provides that Purchaser approves said Escrow Agreement, assumes the benefits and obligations therein provided, that such contract is subordinate to the lien of any construction loan, that Developer makes no warranties with respect to the Project and that the percentage interest in common elements to be conveyed with the apartment is subject to change upon addition of future phases.

EXHIBIT "I"

SUMMARY OF PROVISIONS OF ESCROW AGREEMENT

The Escrow Agreement recites that no purchaser's funds will be utilized by Developer until it is vested with legal title to the property.

Among other provisions, the Escrow Agreement provides that a purchaser shall be entitled to a refund of his funds, and Escrow shall pay said funds to said purchaser, with interest and less Escrow's cancellation fee, if purchaser shall in writing request refund of his funds and any one of the following shall have occurred:

(1) Developer requests Escrow Agent to return to Purchaser the funds of Purchaser then being held hereunder by Escrow Agent; or

(2) Developer notifies Escrow Agent of Developer's exercise of the option to rescind the Sales Contract pursuant to any right of rescission stated therein or otherwise available to Developer; or

(3) If a Purchaser's funds were obtained prior to the issuance of a Final Public Report and the request is prior to the time the Final Public Report is issued; or

(4) If the Final Public Report differs in any material respect from the Preliminary Public Report, unless Purchaser has receipted for the Final Public Report; or

(5) If the Final Public Report is not issued within one year from the date of issuance of the Preliminary Public Report.

Upon the return of such funds to Purchaser, Escrow Agent shall return to Developer Purchaser's Sales Contract any conveyancing documents theretofore delivered to Escrow Agent; and thereupon Purchaser shall no longer be obligated under the Sales Contract. The Escrow Agreement also contains the following provisions, among others: that the Escrow Agent shall make no disbursements of Purchaser's funds unless and until Developer has acquired title to the real property and Developer has complied with all the provisions of the Escrow Agreement.

EXHIBIT "J"

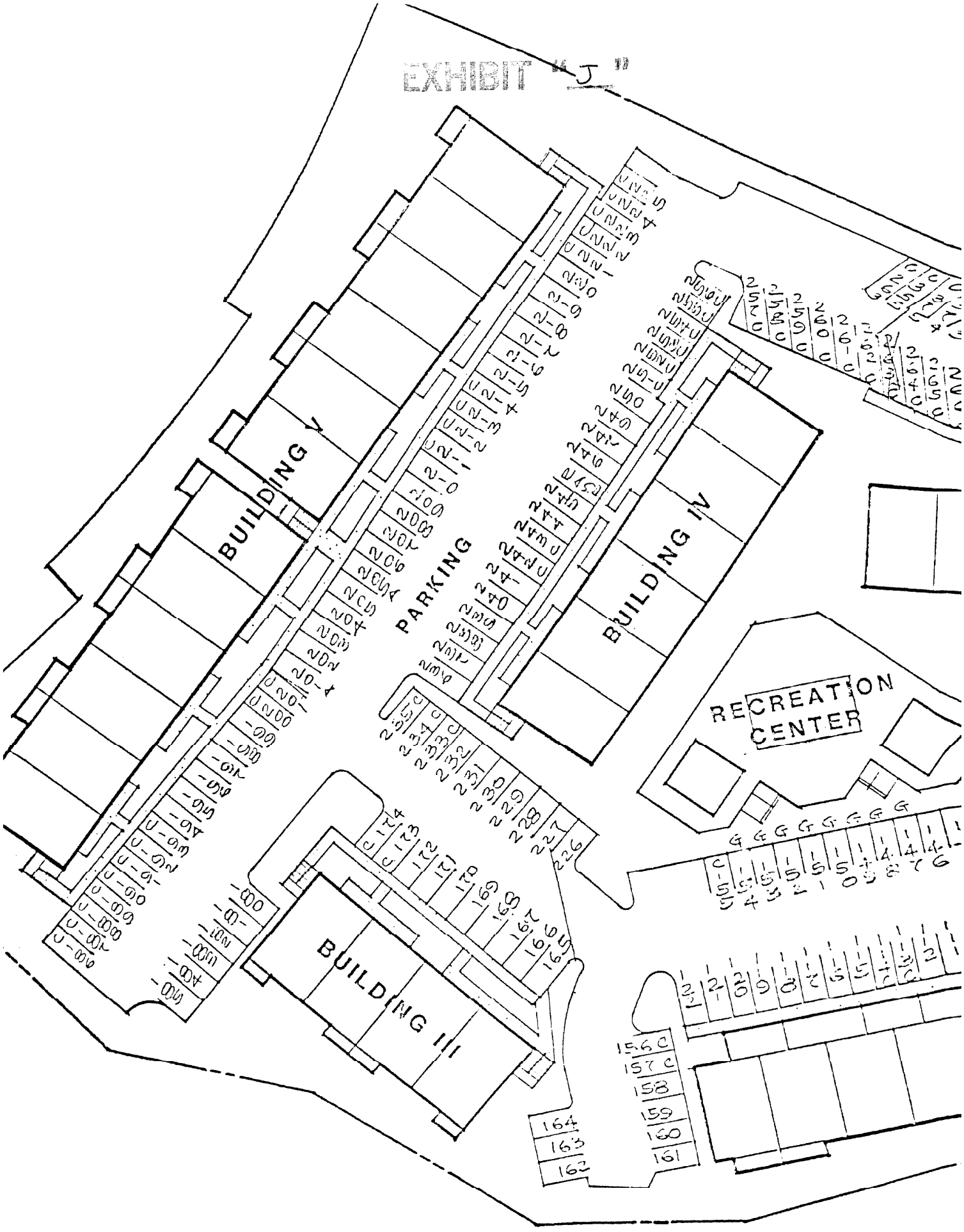
BUILDING V
BUILDING IV
BUILDING III
PARKING
RECREATION CENTER

EXHIBIT "J"

ADDITIONAL INFORMATION ON PARKING

In addition to the forty-seven (47) parking stalls reflected on the Condominium Map, the Developer, as developer of Pearl Horizons Phases I and IIIA, has leased to itself, as developer of Pearl Horizons Phase IIIB, thirteen (13) parking stalls to satisfy the legal building requirements of Land Use Ordinance Sectin 3.70-1. These parking stalls (Stall Nos. 148, 149, 150, 151, 152, 153, 156C, 159, 160, 162, 163, 183 and 205A) may or may not be alocated to the apartment owners in Phase IIIB. Developer reserves the right to assign these stalls to any apartment in the Pearl Horizons Condominium Project, at its sole discretion.

EXHIBIT "K"

Apartment No.	Type
130	D
132	DR
134	D
136	DR
138	DR
140	D
142	DR
144	D
146	DR
148	D
230	F
231	H
232	HR
233	FR
234	F
235	H
236	HR
237	FR
238	FR
239	HR
240	H
241	F
242	FR
243	HR
244	H
245	F
246	FR
247	HR
248	H
249	F