

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer PEARL HORIZONS ASSOCIATES Address 1062 Kikowaena Place, Honolulu, HI 96819

Project Name(*): PEARL HORIZONS, PHASE IIB Address: 98-660 Moanalua Loop, Aiea, Hawaii

Registration No. 2604 Effective date: February 26, 1993 Expiration date: March 26, 1994

Preparation of this Report:

This report has been prepared by the Developer pursuant to the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, as amended. This report is not valid unless the Hawaii Real Estate Commission has issued a registration number and effective date for the report.

This report has not been prepared or issued by the Real Estate Commission or any other government agency. Neither the Commission nor any other government agency has judged or approved the merits or value, if any, of the project or of purchasing an apartment in the project.

Buyers are encouraged to read this report carefully, and to seek professional advice before signing a sales contract for the purchase of an apartment in the project.

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

Exception: The Real Estate Commission may issue an order, a copy of which shall be attached to this report, that the final public report for a two apartment condominium project shall have no expiration date.

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 by the developer 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] This report supersedes all prior public reports. [] This report must be read together with

SUPPLEMENTARY: (pink) This report updates information contained in the: [] Preliminary Public Report dated: [] Final Public Report dated: [] Supplementary Public Report dated:

And [] Supersedes all prior public reports [] Must be read together with [] This report reactivates the public report(s) which expired on

(*) Exactly as named in the Declaration

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report 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 developer.

Changes made are as follows:

The Project's condominium managing agent has been changed to Ind-Comm Management, Inc. See pages 5 and 17 of this Report for information on the new managing agent. A new schedule of the estimated initial maintenance fees and maintenance fee disbursements has been prepared by the new managing agent. See Exhibit I of this Report.

The Declaration of Condominium Property Regime, By-Laws of the Association of Apartment Owners and Condominium File Plan have been recorded. See page 6 of this Report for recording information.

The House Rules for the Project has been adopted by the Developer. The proposed House Rules named Frank Hinshaw, Ltd. as the managing agent for the Project. The adopted House Rules names the new managing agent, Ind-Comm Management, Inc.

See Exhibit F, which describes the encumbrances against the title contained in the title report dated January 11, 1993, and issued by First American Title Insurance Company.

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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 the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. In addition, certain requirements and approvals of the County in which the project is located must be satisfied and obtained.

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 owners/tenants) 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 at the lessee's expense. 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.

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 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 project's 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.

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 the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the 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 important to all apartment owners that the transition of control from the developer to the apartment owners be accomplished in an orderly manner and in a spirit of cooperation.

I. PERSONS CONNECTED WITH THE PROJECT

Developer: PEARL HORIZONS ASSOCIATES Phone: 839-7241
Name (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, a registered Hawaii limited partnership
Pearl Hui, a Hawaii general partnership

Real Estate Broker: Ujimori Realty, Inc. Phone: 536-7718
Name (Business)
1001 Bishop Street, Suite 958
Business Address
Honolulu, Hawaii 96813

Escrow: Security Title Corporation Phone: 521-9511
Name (Business)
1001 Bishop Street, Suite 1200
Business Address
Honolulu, Hawaii 96813

General Contractor: Horpac Construction Co. Phone: 848-5447
Name (Business)
1814 Kananui Street
Business Address
Honolulu, Hawaii 96819

Condominium Managing Agent: Ind-Comm Management, Inc. Phone: 526-2404
Name (Business)
681 S. King Street, Suite 204
Business Address
Honolulu, Hawaii 96813-3099

Attorney for Developer: Devens, Lo, Youth, Nakano & Saito Phone: 521-1456
Name (Business)
220 S. King Street, Suite 1600
Business Address
Honolulu, Hawaii 96813

Attn.: James H. Q. Lee, Esq.

**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. The Condominium Property Act (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the project and 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.

- 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
 Recorded - Bureau of Conveyances: Document No. 93-002808
Book _____ Page _____
 Filed - Land Court: Document No. _____

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]:

- 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
 Recorded - Bureau of Conveyances Condo Map No. 1788
 Filed - Land Court Condo Map No. _____

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]:

- 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 manner in which meetings will be conducted, whether pets are prohibited or allowed and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

Proposed
 Recorded - Bureau of Conveyances: Document No. 93-002809
Book _____ Page _____
 Filed - Land Court: Document No. _____

The Bylaws referred to above have been amended by the following instruments [state name of document, date and recording/filing information]:

D. House Rules. The Board of Directors may adopt House Rules to govern the use and operation of the common elements and limited common elements. House Rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais and requirements for keeping pets. 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 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:

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	<u>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	---	<u>65%</u>

* The percentages for individual condominium projects may be more than the minimum set by law for projects with five or fewer apartments.

2. Developer:

No rights have been reserved by the developer to change the Declaration, Condominium Map, Bylaws or House Rules.

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:

- Fee Simple: Individual apartments and the common elements, which include the underlying land, will be in fee simple.
- Leasehold or Subleasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

Leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (apartment owner/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 regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

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

For Subleaseholds:

- Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is:
 - Canceled 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 canceled or foreclosed.
- Individual Apartments in Fee Simple; Common Interest in the Underlying Land in Leasehold or Subleasehold:

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 at the lessee's expense; or (2) convey the building(s) and improvements to the lessor, often at a specified price.

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

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:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

The information contained in this report is a summary of the terms of the lease. For more detailed information, you should secure a copy of the lease documents and read them thoroughly.

If you have any legal questions about leasehold property, the lease documents or the terms of the lease and the consequences of becoming a lessee, you should seek the advice of an attorney.

There are currently no statutory provisions for the mandatory conversion of leasehold condominiums and there are no assurances that such measures will be enacted in the future.

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed at specific amounts for fixed periods of time, and are then subject to renegotiation. Renegotiation may be based on a formula, by arbitration set in the lease agreement, by law or by agreement between the lessor and lessee. The renegotiated lease rents may increase significantly. At the end of the lease, the apartment owners may have to surrender the apartments, the improvements and the land back to the lessor without any compensation (surrender clause).

When leasehold property is sold, title is normally conveyed by means of an assignment of lease, the purpose of which is similar to that of a deed. The legal and practical effect is different because the assignment conveys only the rights and obligations created by the lease, not the property itself.

The developer of this condominium project may have entered into a master ground lease with the fee simple owner of the land in order to develop the project. The developer may have then entered into a sublease or a new lease of the land with the lessee (apartment owner). The developer may lease the improvements to the apartment owner by way of an apartment lease or sublease, or sell the improvements to the apartment owners by way of a condominium conveyance or apartment deed.

B. Underlying Land:

Address: 98-660 Moanalua Loop Tax Map Key: (1) 9-8-13-23
Aiea, Hawaii 96701 (TMK)

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

Land Area: 41,739 [X] square feet [] acre(s) Zoning: A-1 (low density apartment)

Lessor
 (Fee Owner): Pearl Horizons Associates
Name
1062 Kikowaena Place
Address
Honolulu, Hawaii 96819

Sublessor:
Name
Address

C. Buildings and Other Improvements:

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

2. Number of Buildings: 1 Floors Per Building 3

Exhibit _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other _____

4. Permitted Uses by Zoning:

	No. of Apts.	Use Permitted By Zoning		No. of Apts.	Use Determined By Zoning
<input checked="" type="checkbox"/> Residential	<u>36</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Ohana	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Industrial	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Agricultural	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Recreational	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Other: _____	___	<input type="checkbox"/> Yes <input type="checkbox"/> No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?

Yes No

5. Special Use Restrictions:

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

Pets: No livestock, poultry or rabbits

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): See Exhibit "B" for list of apartment number and apartment type.

Elevators: 0 Stairways: 1 Trash Chutes: 0

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Lanai/Patio (sf)	Total
D	6	2/1-1/2	865	58	923
DR	6	2/1-1/2	865	58	923
F	6	2/1-1/2	849	58	907
FR	6	2/1-1/2	849	58	907
H	6	2/1-1/2	907	0	907
HR	6	2/1-1/2	907	0	907
Total Apartments:		<u>36</u>			

*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 "C" 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: 65

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	
Assigned (for each unit)		<u>29</u>		<u>7</u>			<u>36</u>
Guest Unassigned		<u>4</u>		<u>8</u>			<u>12</u>
Extra for Purchase				<u>17</u>			<u>17</u>
Other:							
Total Covered & Open	<u>33</u>		<u>32</u>				

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.

Exhibit "E" contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

See additional information on page 16, paragraph H.

Swimming pool Storage Area Recreation Area

Laundry Area Tennis Court Trash Chute

Other: _____

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

There are no violations. Violations will not be cured.

Violations and cost to cure are listed below. Violations will be cured by _____

10. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations
(For conversions of residential apartments in existence for at least five years):

NOT APPLICABLE

11. Conformance to Present Zoning Code

a. 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.

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	<u> X </u>	<u> </u>	<u> </u>
Structures	<u> X </u>	<u> </u>	<u> </u>
Lot	<u> X </u>	<u> </u>	<u> </u>

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 other than the individual apartments. Although the common elements are owned jointly by all apartment owners, those portions of the common elements which are designated as limited common elements (see paragraph 2 below) may be used only by those apartments to which they are assigned. The common elements for this project, as described in the Declaration, are:

described in Exhibit "D".

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.

The limited common elements and the apartments which use them, as described in the Declaration, are:

described in Exhibit "E".

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 used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by apartment owners. The common interests for the apartments in this project, as described in the Declaration, are:

described in Exhibit _____.

as follows:

TYPE	UNDIVIDED PERCENTAGE INTEREST
D*	2.81025
DR	2.81025
F	2.76153
FR	2.76153
H	2.76153
HR	2.76153

*except Apt. 170, which has an undivided percentage interest of 2.81053.

E. Encumbrances Against Title: An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of an apartment in the project.

Exhibit F describes the encumbrances against the title contained in the title report dated January 11, 1993 and issued by First American Title Insurance Company.

Blanket Liens:

A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project that secures some type of monetary debt (such as a loan) or other obligation. A blanket lien 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. The buyer's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the apartment to buyer.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgages	Buyer will lose right to purchase apartment and deposits will be refunded.

F. 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.

G. Status of Construction and Estimated Completion Date:

Construction is scheduled to be complete on or about March 31, 1993

H. Project Phases:

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

Summary of Developer's plans or right to perform for future development (such as additions, mergers or phasing):

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

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

Notice to Owner Occupants

Specimen Sales Contract
Exhibit "J" contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated March 12, 1992
Exhibit "K" contains a summary of the pertinent provisions of the escrow agreement.

Other _____

B. Buyer's Right to Cancel Sales Contract:

1. Rights Under the Condominium Property Act (Chapter 514A, HRS):

Preliminary Report: Sales made by the developer are not binding on the prospective buyer. Sales made by the developer may be binding on the developer unless the developer clearly states in the sales contract that sales 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 or Supplementary Report to a Final Report: Sales made by the developer are binding if:

- A) The Developer delivers to the buyer a copy of:
 - 1) Either the Final Public Report OR the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission;

AND

 - 2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;
- B) The buyer is given an opportunity to read the report(s); AND
- C) One of the following has occurred:
 - 1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
 - 2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
 - 3) 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:

- A) There is a material change in the project which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; AND
- B) 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.

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Reports issued by the developer which have been given an effective date by the Hawaii Real Estate Commission.
 - B) Declaration of Condominium Property Regime.
 - C) Bylaws of the Association of Apartment Owners.
 - D) House Rules.
 - E) Condominium Map.
 - F) Escrow Agreement.
 - G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
 - H) Other Declaration of Restrictive Covenants

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 Property Act (Chapter 514A, HRS) and Hawaii Administrative Rules, Chapter 16-107, are available at the Cashier's Office, Department of Commerce and Consumer Affairs, 1010 Richards Street, 3rd Floor, Honolulu, Hawaii, mailing address: P. O. Box 541, Honolulu, HI 96809, at a nominal cost.

This Public Report is a part of Registration No. 2604 filed with the Real Estate Commission on March 2, 1992.

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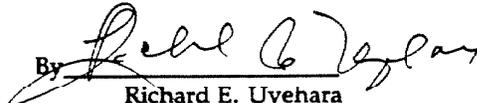
C. Additional Information Not Covered Above

D. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

Date: January 6, 1993

PEARL HORIZONS ASSOCIATES, a Hawaii joint venture
By its general partners

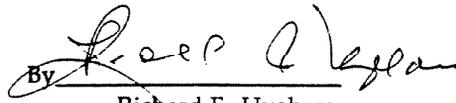
By: WAIMALU VENTURE, a Hawaii general partnership

By 
Richard E. Uyehara
Its General Partner

By: PEARL SUN ASSOCIATES, a Hawaii limited
partnership
By its general partner
WAIMALU PARTNERS, a Hawaii general partnership

By 
Kiyoshi Kinjo
Its Managing Partner

By: PEARL HUI, a Hawaii general partnership

By 
Richard E. Uyehara
Its General Partner

Distribution:

Department of Finance, City and County of Honolulu
Planning Department, City and County of Honolulu
Federal Housing Administration

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"

List of Apartment Numbers and Types

<u>Apartment No.</u>	<u>Type</u>
170	DR
172	D
174	DR
176	D
178	DR
180	D
182	DR
184	D
186	DR
188	D
190	DR
192	D
270	FR
271	HR
272	H
273	F
274	FR
275	HR
276	H
277	F
278	FR
279	HR
280	H
281	F
282	FR
283	HR
284	H
285	F
286	FR
287	HR
288	H
289	F
290	FR
291	HR
292	H
293	F

EXHIBIT "C"

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 "D"

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, 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. A total of twelve (12) guest parking stalls, as designated in the Declaration.
7. 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 "E"

LIMITED COMMON ELEMENTS

1. One (1) automobile parking stall shall be assigned to each of the residential apartments except Apartment No. 293 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 designated on said Condominium Map with the letter C if they are compact. There is no letter designation for the regular stalls. Thirty-two (32) of the parking stalls are compact, each containing an area of approximately 120 square feet and thirty-three (33) of the parking stalls are regular, each containing an area of approximately 160 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 this Declaration as hereinafter provided 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. 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 "F"

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) Terms and conditions as contained in Unilateral Agreement and Declaration for Conditional Zoning dated September 22, 1980, recorded as aforesaid in Liber 15005 at Page 320, to which reference is hereby made.
- (4) A 10-foot building setback line, as shown on survey map prepared by Harry K. Matsuo, Registered Professional Surveyor, Certificate Number 2717, dated January 20, 1984. (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) Easement 3 for utility and access purposes in favor of Lot 3-B, as shown on survey map prepared by Harry K. Matsuo, Registered Professional Surveyor, Certificate Number 2717, dated January 23, 1987.
- (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) First Mortgage dated March 4, 1992, recorded as aforesaid as Document No. 92-100634, in favor of City Bank, a Hawaii corporation.
- (9) Financing Statement dated June 25, 1992, in favor of City Bank, recorded as aforesaid as Document No. 92-100635.
- (10) Mortgage, Security Agreement and Financing Statement dated July 19, 1992, recorded as aforesaid as Document No. 92-115193, in favor of City Bank, a Hawaii corporation.
- (11) Financing Statement dated July 17, 1992, in favor of City Bank, recorded as aforesaid as Document No. 92-115194.
- (12) Declaration of Condominium Property Regime of "Pearl Horizons, Phase IIB", dated November 9, 1992, recorded as aforesaid as Document No. 93-002808. Condominium Map No. 1788.
- (13) By-Laws of Association of Apartment Owners of "Pearl Horizons, Phase IIB", dated November 9, 1993, recorded as aforesaid as Document No. 93-002809.

EXHIBIT "G"

DISCLOSURE ABSTRACT

Name of Project: PEARL HORIZONS, PHASE IIB
98-660 Moanalua Loop
Aiea, Hawaii 96701

Developer: PEARL HORIZONS ASSOCIATES
1062 Kikowaena Place
Honolulu, Hawaii 96819
Tel. 839-7241

Project Manager: Ind-Comm Management, Inc.
681 S. King Street, Suite 204
Honolulu, Hawaii 96813-3099
Tel. (808) 526-2404

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 IIB, (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.

Pearl Horizons, Phase IIB, is the fifth phase; Pearl Horizons, Phase I, Pearl Horizons, Phase IIIA and Pearl Horizons, Phase IIIB have been completed; Pearl Horizons, Phase IIA is in the process of being 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 September 28, 1992. 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 IIB. 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.

DEVELOPER TO ASSUME ACTUAL COMMON EXPENSES OF THE PROJECT FOR A LIMITED TIME:

The Developer advises that the Developer reserves the right to assume the obligation to pay the actual common expenses of the Project for a limited time. The Purchaser will not be obligated for the payment of his respective share of the common expenses from the date the Project is ready for occupancy, which is estimated to be December 15, 1992, until not less than thirty (30) days after the Developer files an Amended Disclosure Abstract with the Real Estate Commission, State of Hawaii. The Amended Disclosure Abstract will specify the date when the Purchaser will be obligated to pay his respective share of the common expenses. It is estimated that the Amended Disclosure Abstract will be filed with the Real Estate Commission on February 15, 1993, and that the Purchaser will be obligated to pay his respective share of the common expenses as of March 15,

1993. The dates herein specified are estimated dates only and the Developer shall have the right to file the Amended Disclosure Abstract whenever it deems advisable in its sole discretion. A copy of the Amended Disclosure Abstract will be delivered by mail or personal delivery to each Purchaser. Actual common expenses to be assumed by the Developer which involve periodic assessments or charges, including but not limited to insurance premiums, will be prorated as of the date the Purchaser is obligated to pay his share of the common expenses.

VA ADDENDUM TO DISCLOSURE ABSTRACT
PEARL HORIZONS, PHASE IIB

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.

**PROPOSED BUDGET
PEARL HORIZONS ASSOCIATION
PHASES (II-A) AND (II-B)
COMBINED.**

RECEIPTS:		
4100	Maintenance Fee	\$11,234.00
4140	Late Fee	-
4220	Parking	-
4240	Commissions	-
4245	Soda Receipts	-
4250	Interest Income	-
	Total Receipts	\$11,234.00

DISBURSEMENTS:				
	PHASE II-A	PHASE II-B	COMBINED	
5110	Electricity	\$ 146.00	\$ 177.00	\$ 323.00
5120	Water	318.00	382.00	700.00
5121	Sewer	536.00	644.00	1,180.00
5125	Refuse	326.00	392.00	718.00
5126	Telephone	12.00	15.00	27.00
5202	R & M, Building	168.00	202.00	370.00
5207	Pool Maintenance	20.00	24.00	44.00
5208	R & M, Grounds	45.00	55.00	100.00
5215	Pest Control	96.00	115.00	211.00
5301	Building Supplies	91.00	109.00	200.00
5302	Ground Supplies	18.00	22.00	40.00
5305	Pool Supplies	20.00	25.00	45.00
5308	Administrative Exp.	113.00	137.00	250.00
5401	Property Mgmt.	404.00	486.00	890.00
5402	Payroll - Res. Mgr.	227.00	273.00	500.00
5404	Payroll - Security	445.00	535.00	980.00
5405	Payroll - Maint.	567.00	682.00	1,249.00
5403	Res. Mgr. Apt.	135.00	162.00	297.00
5410	Insurance - Medical	136.00	164.00	300.00
5411	Insurance - W/C	68.00	82.00	150.00
5412	Insurance - Other	16.00	19.00	35.00
5413	Insurance - Package	306.00	369.00	675.00
5415	Acctg. & Audit	36.00	44.00	80.00
5418	Legal Fees	45.00	55.00	100.00
5425	Taxes - Gross, Inc.	5.00	5.00	10.00
5426	Taxes - Payroll	98.00	117.00	215.00
5429	Taxes - Other	20.00	25.00	45.00
	Total Disbursements	4,417.00	5,317.00	9,734.00
5850	Reserve Transfers	682.00	818.00	1,500.00
	Net Operations	\$ 5,099.00	\$ 6,135.00	\$11,234.00

PEARL HORIZONS ASSOCIATION
 PHASE II-B

MAINTENANCE FEES			MAINTENANCE		
TYPE	PERCENT/INTEREST	NBR APTS.	TOTAL PERCENT	FEES	
D/DR	2.81025	11	30.91275	172.40	
170	2.81053	1	2.81053	172.40	
F/FR	2.76153	12	33.13836	169.40	
H/HR	2.76153	12	33.13836	169.40	
TOTALS		36	100		

I/We, IND-COMM MANAGEMENT, INC., as managing agents for the condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.



 Sent 28, 1992

 Date

EXHIBIT "H"

SUMMARY OF DEVELOPER'S PRESENT PLANS FOR FUTURE DEVELOPMENT

Phases I, IIIA and IIIB of the project have been completed. Phases I and IIIA have been merged (the merged phases are hereinafter referred to as "Pearl Horizons"). Pearl Horizons is being merged with Phase IIIB. Upon merger of Phase IIIB with Pearl Horizons, the project will consist of five separate buildings designated as Buildings I, II, III, IV and V.

Buildings I and II contain a total of ninety (90) (42 and 48 residential apartments, respectively). Buildings III, IV and V contain a total of sixty-six (66) residential apartments (twelve (12), eighteen (18) and thirty-six (36) residential apartments, respectively).

Phase II will be developed in two (2) separate phases, Phase IIA and Phase IIB. Phase IIA and Phase IIB will consist of one (1) three-story building without basements, containing a total of sixty-six (66) residential apartments, and will be designated as Building VI in the Pearl Horizons Project.

Phase IIA is situated at the northerly end of Building VI, containing thirty (30) residential apartments. Phase IIB is situated at the southerly end of Building VI, containing thirty-six (36) residential apartments.

Upon the completion of Phase IIA, Phase I, IIIA and IIIB will be merged or consolidated with Phase IIA. Upon the completion of Phase IIB, Phases I, IIIA, IIIB and IIA will be merged or consolidated with Phase IIB. 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 contained in Phase IIA. Phase IIA will have a swimming pool, a sauna, jacuzzi and cook-out area.

EXHIBIT "I"

SUMMARY OF PROVISIONS OF THE SALES CONTRACT

The sales contract identifies the escrow agent and contains the purchase price, description and location of the apartment and other terms and conditions under which a Purchaser will agree to buy an apartment in the Project.

It further establishes how the proceeds from the sale of apartments are placed in trust, as well as the retention and disbursement of said trust funds. Interest accrued on Purchaser's deposits and maintenance fees shall belong to the Purchaser.

It requires that Purchaser must close the purchase at a certain date and pay closing costs, in addition to the purchase price, and provides that the Developer may retain Purchaser's deposits as liquidated damages in the event of Purchaser's default.

The specimen Sales Contract specifically provides that Purchaser approves the 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 "J"

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.