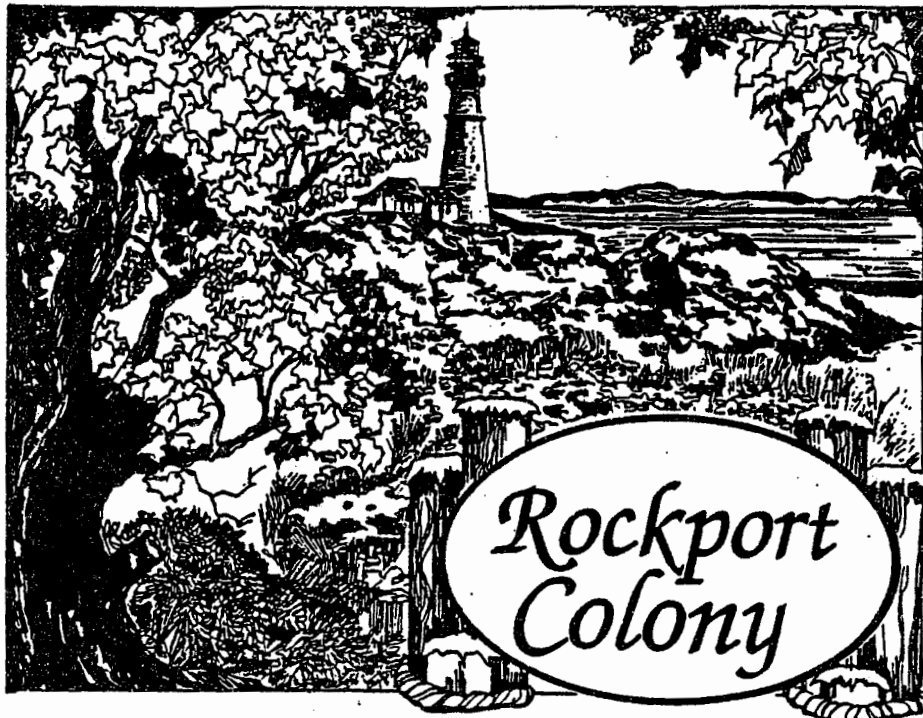


Disclosure Statement



DISCLOSURE STATEMENT
FOR
ROCKPORT COLONY CONDOMINIUMS

ALL PHASES

OFFERED BY

Rockport Colony Condominiums, Inc.
an Ohio Corporation

DATE OF DISCLOSURE STATEMENT: March 6, 1993

INTRODUCTION

This Disclosure Statement has been prepared by Rockport Colony Condominiums, Inc. and consists of the Disclosure Statement together with each of the Exhibits referred to herein, all of which are incorporated into and made a part of the Disclosure Statement in every respect. The Disclosure Statement generally discloses to all prospective purchasers of a Unit in the Condominium Property all material circumstances or features which the Developer reasonably believes may affect the Condominium Property. Any inconsistency between the general summary contained in the Disclosure Statement and the terms and provisions set forth in the Exhibits shall be resolved in favor of the specific Exhibit. The Exhibits which are a part of this Disclosure Statement are the following:

EXHIBITS

- A. Exhibit One. The Declaration of Condominium Ownership for Rockport Colony Condominiums together with all of the Exhibits referred to therein, exclusive of the By-Laws of Rockport Colony Condominium Unit Owners Association, Inc. (Exhibit D to the Declaration) and the Drawings (Exhibit B to the Declaration). The Declaration of Condominium Ownership will be referred to as the "Declaration". A copy of the Drawings, which are part of the Declaration, are on file at both the sales office and main office of the Developer and may be examined by any prospective purchaser.
- B. Exhibit Two. The By-Laws of Rockport Colony Condominium Unit Owners Association, Inc., which is identified as Exhibit D in the Declaration, and will be referred to in this Disclosure Statement as the Association By-Laws.
- C. Exhibit Three. A general summary of the drawings which are referred to as Exhibit B of the Declaration, and shows the general

location of Rockport Colony Condominiums in relationship to Norton Road, in the City of Stow, Ohio; the location of the private street from Norton Road to the Condominium Property; the locations of the streets serving the Condominium Property; and general floor plans of the types of Units within Rockport Colony Condominiums.

- D. Exhibit Four. The Articles of Incorporation of Rockport Colony Condominium Unit Owners Association, Inc., an Ohio non-profit corporation, in the form which will be filed by Developer as provided in the Declaration.
- E. Exhibit Five. The two-year projected budget for Rockport Colony Condominiums for the periods therein set forth, together with assumptions upon which the budget is based.
- F. Exhibit Six. The form of Management Agreement to be entered into between Pine Reef Properties Co. and Rockport Colony Condominium Unit Owners Association, Inc.
- G. Exhibit Seven. A schedule of the purchase prices in effect on the date shown on the schedule for each of the Units in the Condominium Property.
- H. Exhibit Eight. A schedule of the percentage interests in the Common Area and Facilities attributable to each Unit in the Condominium Property.
- I. Exhibit Nine. A schedule listing the limited warranties and limited guarantees relating to the Common Areas and Facilities of the Condominium Property and to each Unit.
- J. Exhibit Ten. Section 5311.27, Ohio Revised Code, providing purchaser with certain statutory rights.
- K. Exhibit Eleven. The Schedule of Estimated Real Estate Taxes and Assessments for each Unit.
- L. Exhibit Twelve. Form of receipt to be executed by each prospective purchaser acknowledging receipt of the Disclosure Statement.

Each of the Exhibits referred to herein is an integral part of the Disclosure Statement and the terms and provisions of the

specific instruments identified as Exhibits govern and construe the rights and obligations of the owners of the Units in Rockport Colony Condominiums. The Disclosure Statement is merely a summary of the general provisions contained in those instruments, and the instruments themselves, and not the general summary, shall control in every respect.

DEFINITIONS

Each of the terms defined in the Declaration, By-Laws and under the Condominium Act shall have the definition set forth in the Declaration, By-Laws and the Condominium Act, unless otherwise specifically set forth in this Disclosure Statement. The following terms are hereby defined:

- A. "Developer" shall be Rockport Colony Condominiums, Inc., the owner of the Condominium Property, which is an Ohio Corporation, whereof Kenneth T. Sowul is the President.
- B. "Condominium Property" shall be the real property which is subject to the terms and provisions of the Declaration of Condominium Ownership for Rockport Colony Condominiums.
- C. "Condominium Interest or Unit" shall be the interest which any purchaser acquires in the Condominium Property.
- D. "Condominium Law" shall be provisions set forth and contained in Chapter 5311, Ohio Revised Code.
- E. "Unit Owners Association" shall be the Ohio non-profit corporation organized by the Developer as required in the Declaration, known as Rockport Colony Condominium Unit Owners Association, Inc.
- F. "Budget" shall be the two-year projected budget identified as Exhibit Five.

GENERAL INFORMATION

The name and address of the Condominium Property is Rockport Colony Condominiums, City of Stow, Summit County, Ohio. The name and address of the Developer is Rockport Colony Condominiums, Inc., with principal offices at 7474 Auburn Rd., Concord, Ohio 44077. The Developer's Agent and the Condominium Development Manager's Agent is Kenneth T. Sowul, 7474 Auburn Road, Concord, Ohio 44077. The model suites and sales offices for the Condominium Property are 1810, 1814, 1818, and 1822 Westport Cove, Stow, Ohio 44224.

NARRATIVE DESCRIPTION OF DEVELOPMENT

The status of the construction of the Condominium Property is that the single building containing the four (4) Condominium Interests or Units for Phase I-A located on Parcel I are under construction and Developer contemplates completing Phase I-A on or about March 15, 1993. Up to ten (10) additional buildings comprised of four (4), five (5), or six (6) Units each and containing a maximum of one hundred forty-seven (147) additional Condominium Interests or Units in multiple additional phases are contemplated for completion during the period from March 15, 1993 through March 1, 1996. Developer, however, has no obligation to commence or complete all or any of such additional buildings of phases. The individual Units, prior to consummation of a sale thereof, will be structurally completed, however, the finish work necessary for complete occupancy of the Unit in the Condominium Property may not be completed until a prospective purchaser acquires the Unit and directs the Developer to complete the Unit in accordance with the decorating plan desired by the prospective purchaser. The Developer may from time to time complete and decorate various Units in the Condominium Property so that there will be certain Units available on a decorated basis for prospective purchasers. The Developer cannot estimate the time when the decorating and customizing of the various Units in the Condominium Property may be completed, since it is dependent upon sales and marketing activity for the sale and disposition of Units in the Condominium Property which is subject to change due to circumstances not within the control of the Developer.

The Developer has the right, but is not obligated, to add Parcel II or portions thereof to the Condominium Property, as provided in Article XX of the Declaration, for a period of seven (7) years from and after the date of the filing of the Declaration for record, and that right may be extended for an additional seven (7) year period with the consent of a majority of the Unit Owners of the Condominium Property, which consent must be obtained six (6) months prior to the expiration of the original seven (7) year period. The additional buildings which the Developer may construct on all or any part of Parcel II are not required to be architecturally compatible with the Condominium Property, and Parcel II may be added to the Condominium Property at various times and in phases as determined by the Developer.

As Developer elects to add future phases to the Condominium Property, the Developer shall cause to be recorded appropriate Amendments to the Declaration of Condominium Ownership adding such Phases.

Phase I-A of the Condominium Property consists of one (1) building, containing four (4) Units side by side and separated by firewalls. Each Unit has attached thereto an individual garage for parking and open storage for the Unit, and a patio and rear yard area as shown on Exhibit "B" to the Declaration. Phase I-A shall consist of the Unit Numbers as specifically set forth in Exhibits Three and Eight attached hereto. The Developer now plans that as

many as ten (10) additional buildings comprised of four (4), five (5), or six (6), Units each containing a maximum of one hundred forty seven (147) additional Units will be added to the Condominium Property as hereinabove set forth and as shown on Exhibit Three hereto. The Developer reserves, however, the right to revise or modify the location and number of additional Units in subsequent phases, and to vary the order of construction of additional buildings and Units as the Developer in its sole discretion deems appropriate. The roadways shown on Exhibit Three attached hereto with the exception of Norton Road are private roadways included with the Common Areas of the Condominium Property and shall be maintained by the Association.

The buildings within Phase I-A of the Condominium Property will have frame and vinyl sided exterior sidewalls, vinyl windows, a wood frame roof with asphalt and/or fiberglass covering, wood floor joists and wall studs and dry wall, all as fully set forth in Drawings which are available at the main office and sales office of the Developer for examination by any prospective purchaser. The layout of the particular Units in the Condominium Property and the floor plans of the Condominium Property are set forth and described in Exhibit Three. The Units are generally three (3) and four (4) bedroom Units with square footages ranging from 1,900 to 2,200 as shown on Exhibit Three. Developer plans to offer certain options as shown on Exhibit Three, which, if chosen over the basic unit by purchaser, will not materially increase the square footage of the Unit. Certain additional options shall be offered to purchasers, however, such as an optional fireplace, certain appliances and interior finishings.

The garages shown on the Drawings are designated as garage parking and open storage facilities and as Limited Common Areas for the particular Units and consist of approximately 450 square feet. The Drawings also designate patios and rear-yard areas as Limited Common Areas for the particular Unit. There is minimum outdoor parking facilities within the Condominium Property in addition to aprons immediately adjacent to each garage attached to each unit. The Developer contemplates that additional buildings and Units in additional phases will be substantially similar in structure, size and configuration to the buildings located in Phase I-A, however, the Developers is not required to maintain such similarity, nor is the Developer required to construct any additional buildings or Condominium Units.

In addition to the Drawings available at the office of the Developer for examination by the prospective purchaser, there is also available at the main office and sales office of the Developer a complete copy of the Plans and Specifications for the construction of the Condominium Property. The Plans and Specifications detailing the construction and composition of the Condominium Property and the Units shall control and take precedence over the general description contained herein and/or in the Drawings and/or the Declaration, and any inconsistency between the general narrative statement contained herein, the Drawings and Declaration, and the Plans and Specifications shall be resolved in

favor of the Plans and Specifications.

Exhibit Seven sets forth the price of each Unit as of the Effective Date shown on Exhibit Seven. However, that price represents the price for the basic Unit of Condominium Property Ownership and for any optional items stated therein, and the price may be increased or decreased, depending upon any revisions or additional options desired by the prospective purchaser, the marketing plans and inducements from time to time offered by the Developer, and decorating and/or customizing of the particular Unit, if any, by the Developer. The price of each Unit set forth in Exhibit Seven is in effect on the Effective Date shown on Exhibit Seven and may be changed by the Developer without notice. Except as set forth herein, Developer at all times has the right to increase or decrease the price of the Units of Condominium Property Ownership being offered. The price of each Unit as set forth on Exhibit Seven does not necessarily indicate the final sales price for that Unit since the Purchase Agreement for the purchase of a Unit is separately negotiated between the Developer and prospective purchaser and is dependent on all the provisions of such Purchase Agreement.

Developer has obtained the required building permits from the applicable governmental authorities to commence and complete the construction of Phase I-A of the Condominium Property. Developer will obtain all necessary permits for additional phases of Development if the Developer exercises its discretion to develop all or any portion of Parcel II as additions to the Condominium Property. No other permits for Phase I-A are required from any federal, state or local governmental agency, authority or instrumentality for the construction of the Condominium Property. The Condominium Act and the building codes, zoning ordinances and other regulations of the State of Ohio, Summit County, and the City of Stow, as well as the federal environmental laws, affect the development of the Condominium Property and Developer believes that the Condominium Property will be constructed in substantial compliance therewith, and/or has obtained or will obtain the required variances in connection therewith.

The construction of Phase I-A of the Condominium Property has commenced and Phase I-A is scheduled for completion on or about March 15, 1993. The final completion dates are subject to sales, purchase selections, and decorating requirements, if any, and are further subject to delays due to weather, availability of material, strikes, shortages and other circumstances which are not within the reasonable control of the Developer. Developer has reserved the right from time to time to stop, accelerate and vary the progress of the completion of construction of the Condominium Property if the sales of the Condominium Property Units in the Condominium Property do not warrant further construction and/or if the availability of financing for construction and/or sales of Units is adversely affected or for such other reasonable business circumstances as the Developer, in its discretion, determines. In any event, additional phases may be added to the Condominium Property within seven (7) years of the date of the filing of the

Declaration for Phase I-A unless such period is otherwise extended as provided in the Declaration, additional phases may never be added to the Condominium Property in the discretion of the Developer.

The percentage interest in the Common Areas and Facilities attributable to each Unit of Condominium Property Interest is set forth on Exhibit Eight for Phase I-A of the Condominium Property, and the same are subject to change in the event Developer elects to add all or any part of Parcel II to the Condominium Property, as set forth and provided in Paragraph XX of the Declaration. Exhibit Eight also sets forth the percentage interest in the Common Areas and Facilities for Phase I-A and for additional phases involving the construction of additional buildings and Units as part of the Condominium Property if the Developer elects to expand the Condominium Property to the maximum total of one hundred fifty-one (151) Units.

The Condominium Property established by the Declaration is a fee simple interest in land, and will be conveyed to the prospective purchaser by a Limited Warranty Deed, subject only to the terms of the Declaration and conditions, exceptions and easements of record in effect as of the date of the Disclosure Statement and taxes and assessments, general and special, which are not due and payable as of the date of this Disclosure Statement. On the date of this Disclosure Statement, the real estate taxes and assessments have not been separately assessed and billed against a particular Unit of Condominium Property Interest, however, the governmental authorities of Summit County, Ohio, will establish separate tax bills for each Unit Owner of Condominium Property Interest and separate real estate taxes and assessments will be charged to each Unit in the Condominium Property. Prior to the time when separate tax bills are issued, the Developer has retained the right to fairly compute and determine the amount of real estate taxes and assessments attributable to each Unit in the Condominium Property, as set forth in the Purchase Agreement. Exhibit Eleven sets forth Developer's present estimate of the amount of real estate taxes and assessments which Developer believes will be the real estate taxes and assessments for the Units for the current year. The estimate is based upon current rates and policies of appraisal of governmental authorities imposing the taxes and assessments. Each prospective purchaser should consult with the Auditor of Summit County, Ohio, to determine the amount of taxes and assessments attributable to a Unit in the Condominium Property. The Developer gives no assurances as to the amount of real estate taxes and assessments for a particular year and/or whether the same may be increased at future date.

INSURANCE

The budget includes the insurance for the buildings which are a part of the Condominium Property and for the Common Area and Facilities which are a part of the Condominium Property. The Developer estimates that insurance for a particular Unit which a Unit Owner may purchase will cost in the range of \$200.00-\$500.00

a year, in addition to the Unit's share of the general insurance which is a Common Expense. The nature of the extended coverage insurance obtained by a Unit Owner, the decorating within the Unit, the furniture, furnishings and equipment situated within the Unit and the insurer and the coverage afforded by the policy will increase or decrease the amount of an annual insurance premium which a Unit Owner would be required to pay to provide insurance for that particular Unit. A Unit Owner is not obligated to maintain fire and extended coverage insurance for the Unit. Any prospective purchaser could consult with his or her insurance agent to determine the cost of insurance for a particular Unit and Developer makes no representation or warranty regarding same.

DEVELOPER FINANCING

As of the date of this Disclosure Statement, the Developer is not offering any specific financing for the purchase of Units. Any prospective purchaser may apply for a mortgage from any bank, savings and loan association or other financial institutions offering financing for the purchase of Units in Condominium Developments.

LIMITED WARRANTIES AND GUARANTEES

A description of the limited warranties for the structural elements, mechanical and other systems of the Condominium Property and the allocation thereof between the Common Area and Facilities of the Condominium Property and the warranties relating specifically to the Unit are set forth and described in Exhibit Nine, and copies of each of the limited warranties are available at the main office and sales office of the Developer.

PROJECTED BUDGET

A two-year projection revised within six months of the date of this Disclosure Statement of the annual expenditures for a two-year period necessary to operate and maintain the Common Areas and Facilities of the Condominium Property is attached hereto as Exhibit Five. The Budget contains, as a part thereof, the assumptions and projections used by the Developer in preparing the same. The Developer, in making such projections, has allocated the amount of the Common Expenses to each Unit based upon the percentage interest in the Common Area and Facilities attributable to that Unit and similarly, the Developer has, in determining the amount of general common insurance, used the same allocation for each Unit. Taxes and assessments will be separately charged to each Unit and are therefore not included in the Budget. Each Unit Owner will be required to pay his or her share of expenses required to be paid by the Unit Owners under the Declaration, and all of the same are liens upon each Unit to secure the payment of the same. The Association has the right to bring foreclosure proceedings to require the payment of such assessments and, accordingly, a Unit is subject to those liens. The obligations of a Unit Owner to pay assessments and the method and manner of allocating the same are set forth in Articles XII, XIV, and XVIII of the Declaration and in

Article V of the By-Laws. The Budget includes the dollar amount of the operating and maintenance expenses which the Developer believes will be incurred by the Condominium Property during said two-year period. The utility, water and sewer costs, if any shown on the Budget, relate to the utility, water and sewer charges for only the Common Areas and Facilities. All other utilities for each Unit are separately billed by the utility providing the service. The Budget is dated as shown thereon and shall be up-dated by the Developer every six months. The Developer is required to pay the amount of monthly assessments for expenses for Common Areas and Facilities for the Condominium Property for Units in the Condominium Property owned by the Developer, all as provided in the Declaration.

RESERVES

The Budget includes a regular reserve fund for repair or replacement to the components of the Common Area and Facilities of the Condominium Property, which the Developer believes is adequate for the first two years.

TITLE MATTERS

The Declaration, together with all of the Exhibits referred to therein, establish restrictions of record affecting the Condominium Property. In addition to the restrictions established by the Declaration, there are existing utility easements and contemplated utility easements which serve or may serve the Condominium Property and easements for driveways and rights of way permitting access to and from various parts of the Condominium Property from dedicated streets. Developer has reserved the right to grant easements for the continued development of the Condominium Property and has reserved the right to modify, relocate and change the same. Under Article XIII of the Declaration, Grantor has reserved broad rights with respect to the establishment and revision of easements and the exercise of those rights by the Developer may require that the Condominium Property be burdened with the cost of the maintenance and use of private driveways, sewers, and other special easements which are not serviced by governmental authorities. Real estate taxes and assessments are also liens against the Condominium Property and the same may be increased or decreased by the applicable governmental authorities. Each Unit is subject to liens for the payment of the Unit Owner's share of Common Expenses. Except as set forth in the Declaration, there are no other liens or encumbrances which will adversely affect title to a Unit of Condominium Property, except mortgage liens and other encumbrances which will be discharged at the time title to a Unit is transferred to a purchaser, unless the unit is sold under a Land Installment Contract, in which event the Developer shall retain legal title to the Unit until the Contract is fully performed and all sums due under said contract have been paid.

ALIENATION

The Declaration establishes restrictions on the rights of a Unit Owner to sell, lease or otherwise transfer a Unit in the

Condominium Property, including, specifically, the prohibitions with respect to the use of the Unit contained in Article III of the Declaration which principally restricts the use of a Unit to a residence and prohibits the use of a Unit for business, commercial or professional purposes and the rental of a Unit for transient or hotel purposes. Article XIV of the Declaration requires payment to the Unit Owners Association of assessments before transfer of title. These restrictions affect the ability of a Unit Owner to sell a Unit and compliance therewith is required prior to any sale or lease.

RIGHT TO VOID CONTRACT

A PURCHASER HAS A RIGHT TO REVIEW ALL OF THE CONDOMINIUM INSTRUMENTS, TO VOID THE CONTRACT FOR THE PURCHASE OF A UNIT IN THE CONDOMINIUM PROPERTY ONLY AS PROVIDED IN THE CONDOMINIUM ACT, AND TO RECEIVE FROM THE DEVELOPER OR THE ESCROW AGENT THE FUNDS OR DEPOSITS WHICH THE PURCHASER HAS THERETOFORE MADE, AS PROVIDED UNDER THE CONDOMINIUM ACT. EACH PURCHASER HAS THE RIGHTS GRANTED TO A PURCHASER UNDER SECTION 5311.27, OHIO REVISED CODE, AND A COPY OF SECTION 5311.27, OHIO REVISED CODE, IS CONTAINED IN EXHIBIT TEN TO THE DISCLOSURE STATEMENT. PURCHASER SHOULD CAREFULLY STUDY EXHIBIT TEN WHICH GRANTS TO PURCHASER SPECIFIC STATUTORY RIGHTS AND REMEDIES.

While Section 5311.27 grants to a purchaser certain rights and remedies, a purchaser should be aware that if a purchaser commences an action against the Developer or its agents for a violation of a provision of the Condominium Act and in particular with regard to Sections 5311.25 and 5311.26, Ohio Revised Code, and it is determined that the purchaser's action was groundless or in bad faith and if the Developer or its agents prevail in such litigation, then the Court may award attorney fees to the Developer or the agent which must be paid, if awarded, by the purchaser who commenced such action.

A purchaser should be aware of the fact that the Attorney General, State of Ohio, has, under certain circumstances, the right to bring an action for declaratory judgment that a particular act or a practice of the Developer violates Section 5311.25 or 5311.26, Ohio Revised Code, or that the Condominium Documents are in violation of the Condominium Act and to seek to restrain the Developer from such violations as are contained in the Condominium Documents and/or such acts as are being taken and permitted by the Developer in violation of the Condominium Act.

LITIGATION

There is no pending litigation concerning the Condominium Property to the knowledge of the Developer which affects the transfer of title to a Unit by Developer to a purchaser or the title so transferred. From time to time various controversies may exist between Developer and various governmental authorities regarding construction of the Condominium Property but as of the date hereof, the Developer does not believe that any such

controversies would be material; however, all information regarding such controversies will be on file with the Developer and may be reviewed by any prospective purchaser.

DEPOSITS

All deposits which are required by a prospective purchaser under the Purchase Agreement for the purchase of a Unit of Condominium Property will be held in trust or escrow by the Developer until such time as the Unit in the Condominium Property has been transferred and conveyed to the purchaser, or, if the purchaser defaults under the Purchase Agreement, then said deposits and interest, if any as required by law, will become the property of the Developer under the Purchase Agreement and in accordance with law. The details regarding the amount of interest, if any, paid on deposits and rights of the purchaser to refunds and interest, if any, are set forth in the Purchase Agreement. If the purchaser enters into a Land Installment Contract for the purchase of a Unit, subsequent to entering into the Purchase Agreement, then the terms of the Land Installment Contract shall supersede the terms of the Purchase Agreement and shall govern the rights of the parties thereunder.

AMENITIES

No amenities are planned at this time in connection with the development and construction of Phase I-A or subsequent phases. Developer, however, reserves the right to add amenities to any such subsequent phases, if and when developed. The driveways leading to the garages are Limited Common Areas for the use of the respective Unit Owners serviced thereby, all as shown on the Drawings attached hereto as Exhibit Three.

UNIT OWNERS ASSOCIATION

The Developer will establish a Unit Owners Association not later than the date the deed is filed for record for the first Unit. The Unit Owners Association under the Declaration is obligated to manage the Condominium Property and provide the required repairs and maintenance thereof. The Unit Owners Association has the obligation and will establish a budget which will be the basis for charging to each Unit Owner their proportionate share of the common expenses and proportionate share of expenses which each Unit Owner will be required to pay as provided in the Declaration.

The Developer initially will control the Unit Owners Association and will have the right to designate all of the members of the Board of Managers of the Unit Owners Association. When 25% of the Condominium Property Interest is sold to persons other than the Developer for valuable consideration, then, at that time, the Unit Owners, other than the Developer, will have the right to elect 25% of the members of the Board of Managers of the Unit Owners Association; at the time that 50% of the Condominium Ownership Interest is sold by the Developer to others, then the Unit Owners,

other than the Developer, will have the right to elect 33-1/3% of the members of the Board of Managers; and when 75% of the Condominium Ownership Interest has been sold, the Unit Owners, other than the Developer, have the right to elect all of the members of the Board of Managers. The percentage interests are based upon the percentage of ownership in the Common Areas and Facilities of the Condominium Property held by the Unit Owners, other than the Developer, and may ultimately be computed on the basis of 151 Units if Developer adds all of the Phase II to the Condominium Property, which is the total number of Units which may be included as part of the Condominium Property by the Developer, including the proposed Units for subsequent phases. In all events, within five years after the date of the filing of the Declaration, the Developer must grant to the Unit Owners owning Condominium Ownership Interest in the Condominium Property the right to elect all of the members of the Board of Managers of the Unit Owners Association. Except in its capacity as a unit owner of unsold condominium ownership interest, the developer will not retain a property interest in any of the common areas and facilities after control of the condominium development is assumed by the Unit Owners Association.

The Board of Managers has the responsibility for the management of the Unit Owners Association and has the right to elect the officers of the Unit Owners Association who will be in charge of the day-to-day management of the Unit Owners Association. The actual functions of providing for the maintenance and care of the Condominium Property may be delegated by the Unit Owners Association to persons, firms or corporations who will provide the services required and charge the Unit Owners Association for the amount thereof, which amount will then become a Common Expense which will be paid by the Unit Owners of the Condominium Property.

MANAGEMENT AGREEMENT

The Developer will cause the Unit Owners Association to enter into a Management Agreement with Pine Reef Properties Co. for the management of the Common Areas and Facilities of the Condominium Property. A copy of the form of the Management Agreement to be entered into between the Unit Owners Association and Pine Reef Properties Co. is set forth hereto as Exhibit Six. The term of the Management Agreement renews itself annually unless prior written notice is given. The terms of the Management Agreement provides that after the Unit Owners, other than the Developer, elect a majority of the members of the Board of Managers, then the Board of Managers of the Unit Owners Association will have the right to terminate the remaining term of the Management Agreement which is in excess of one year from the date.

CONDOMINIUM INSTRUMENTS

The Condominium Instruments and Condominium Documents establishing Rockport Colony Condominiums include the Declaration and all of the Exhibits attached thereto, including, specifically, the Drawings which are not a part of this Disclosure Statement,

and, if the Developer elects to add all or any portion of Parcel II to the Condominium Property, the applicable Amendments to the Declaration and all of the Exhibits attached thereto. In addition, the Condominium Documents include the Articles of Incorporation and By-Laws of the Unit Owners Association and the Management Agreement referred to herein. Each prospective purchaser should understand that the Condominium Instruments and Condominium Documents are binding legal documents which, except for the Declaration, By-Laws and Amendments thereto, cannot be amended without the consent of the purchaser and the seller. The Declaration and the By-Laws may be amended by the Developer under certain circumstances as provided in the Declaration and By-Laws and by the Unit Owners of the Condominium Property owning not less than 75% interest in the Common Area and Facilities of the Condominium Property.

DEVELOPER INFORMATION

The principal of Rockport Colony Condominiums, Inc., the Developer, is Kenneth T. Sowul ("Sowul"). Sowul has undertaken and completed considerable construction activity as an owner, contractor and developer of many real estate projects in the Northeast Ohio area. Sowul is not, however, liable for the debts, acts or omissions of the Developer. The rights and obligations of the Developer are solely the rights and obligations of the Developer as and to the extent of any proceeds from the Condominium Property and the Declaration and the other documents and instruments relating thereto expressly provide that the obligations of the Developer are solely and exclusively limited to the assets owned by the Developer relating to Rockport Colony Condominiums and the proceeds therefrom. No person, firm or corporation shall have any right to bring or maintain any action, suit or proceedings against any officer, director or shareholder of the Developer personally for the performance or observance of any term or condition of the Declaration and/or for the performance or observance of any matter, transaction, event or thing set forth in this Disclosure Statement and the Exhibits referred to herein, except as specifically provided in the Condominium Documents and/or the Purchase Agreement.

INSULATION INFORMATION

Federal regulations require that the Developer disclose to a purchaser in a Purchase Agreement for a residential building certain information regarding the insulation which is installed in such residential building. The outside walls of Rockport Colony Condominiums have three inch fiberglass bats with an R-value of 13. The ceilings have a combination of batt and blown-in cellulose with R-values of 19 and 30 respectively. The floors have 2" expanded polystyrene board with an R-value of 10. The thickness and R-values of the insulation installed in Rockport Colony Condominiums described herein is approximate. Further and more specific information regarding insulation may be obtained by a prospective purchaser by studying the Drawings and Plans and Specifications on file at the Developer's main office and sales office.

CONCLUSION

The narrative portion of this Disclosure Statement sets forth a general description of Rockport Colony Condominiums, however, the same only constitutes a summary and each of the Exhibits referred to herein are an integral part of this Disclosure Statement and the Exhibits are a necessary part of this Disclosure Statement. Without the careful study of the Exhibits, this Disclosure Statement is not complete. It is advisable for a prospective purchaser to carefully study the Drawings and Plans and Specifications on file at the Developer's offices before purchasing a Unit. All materials, contracts and Condominium Documents referred to herein are important legal documents and impose legal rights and obligations upon any Unit Owner and any prospective purchaser is hereby advised of the same. If the same are not completely understood, the prospective purchaser should seek legal counsel prior to the execution of the Purchase Agreement.