RAINBOW RUN PLANNED COMMUNITY

Public Offering Statement

EVERY PROSPECTIVE PURCHASER SHOULD READ THIS PUBLIC OFFERING STATEMENT CAREFULLY BEFORE SIGNING AN AGREEMENT OF SALE.

NAME OF PLANNED COMMUNITY	:	Rainbow Run Planned Community
ADDRESS OF PLANNED COMMUNITY	:	Lehigh Township, Wayne County, Pennsylvania
NAME AND ADDRESS OF DECLARANT	:	Lobolito, Inc., a Pennsylvania corporation
EFFECTIVE DATE OF PUBLIC OFFERING STATEMENT	:	May 28, 2003

IMPORTANT NOTICE

THIS PUBLIC OFFERING STATEMENT IS BEING PRESENTED BY THE SELLER IN AN ATTEMPT TO DISCLOSE AND SUMMARIZE INFORMATION PERTINENT TO CONSIDERATION OF A PURCHASE OF A UNIT AT THE RAINBOW RUN PLANNED COMMUNITY. SINCE THIS IS AN ABBREVIATED FORMAT, PROSPECTIVE PURCHASERS SHOULD ALSO REFER TO THE COMPLETE DOCUMENTS REFERRED TO IN THIS BOOKLET FOR COMPLETE INFORMATION.

WITHIN FIFTEEN (15) DAYS AFTER RECEIPT OF A PUBLIC OFFERING STATEMENT, OR AN AMENDMENT TO THE PUBLIC OFFERING STATEMENT THAT MATERIALLY AND ADVERSELY AFFECTS THE RIGHTS OR OBLIGATIONS OF THE PURCHASER, A PURCHASER, BEFORE CONVEYANCE, MAY CANCEL ANY CONTRACT FOR PURCHASE OF A UNIT FROM DECLARANT.

IF DECLARANT FAILS TO PROVIDE A PUBLIC OFFERING STATEMENT (AND AMENDMENTS THERETO) TO A PURCHASER BEFORE CONVEYING A UNIT, THAT PURCHASER MAY RECOVER FROM DECLARANT DAMAGES AS PROVIDED IN SECTION 5406(c) OF THE PENNSYLVANIA UNIFORM PLANNED COMMUNITY ACT IN AN AMOUNT EQUAL TO 5% OF THE SALES PRICE FOR SUCH UNIT, UP TO $2,000, OR AN AMOUNT EQUAL TO THE ACTUAL DAMAGES SUFFERED BY THE PURCHASER, WHICHEVER IS GREATER, PROVIDED THAT A MINOR OMISSION OR ERROR IN THE PUBLIC OFFERING STATEMENT (AND AMENDMENTS) THAT IS NOT WILLFUL SHALL ENTITLE THE PURCHASER TO RECOVER ONLY ACTUAL DAMAGES, IF ANY.

IF A PUBLIC OFFERING STATEMENT IS RECEIVED BY THE PURCHASER MORE THAN FIFTEEN (15) DAYS BEFORE SIGNING A CONTRACT, THE PURCHASER CANNOT CANCEL THE CONTRACT EXCEPT THAT PURCHASER SHALL HAVE THE RIGHT TO CANCEL THE CONTRACT BEFORE CONVEYANCE WITHIN FIFTEEN (15) DAYS AFTER RECEIPT OF ANY AMENDMENT THERETO THAT WOULD HAVE A MATERIAL AND ADVERSE EFFECT ON THE RIGHTS OR OBLIGATIONS OF THAT PURCHASER.

I. NARRATIVE

This document consists of four (4) separate sections. The first section, "Narrative", summarizes the significant features of the Rainbow Run Planned Community and presents additional information of interest to prospective purchasers. The other three (3) sections include: (1) the Declaration of Planned Community of the Rainbow Run Planned Community, the legal document by which the Planned Community is created and governed; (2) the By-Laws of the Rainbow Run Planned Community Association, the non-profit corporation which will maintain and manage the Planned Community during and after the period of Declarant Control; and (3) the projected annual budget of the Rainbow Run Planned Community Association for its first year of operation. The Declaration and By-Laws are sometimes collectively referred to as the "Planned Community Documents". If there is any variation between this informative Public Offering Statement and the Planned Community Documents, the Planned Community Documents will govern.

No sales agent or other representative of the Declarant, or any other person, may orally modify the terms and conditions of the Planned Community Documents or interpret their legal effect. All capitalized terms which are not defined in this Public Offering Statement shall have the meanings set forth in the Declaration, By-Laws or the Pennsylvania Uniform Planned Community Act.

II. THE PLANNED COMMUNITY FORM OF PROPERTY OWNERSHIP

A residential Planned Community Unit Owner is the sole owner of the fee simple interest in a portion of the real estate being a "Unit". Each Unit Owner is also a member in the Association which owns all of the Common Facilities which service the Units and include Common Open Space which a Unit Owner may use and enjoy along with owners of other Units. Common Elements is the defined term for all portions of the planned community which are not included within the Units. In general, the Common Elements in the Rainbow Run Planned Community constitute the Stormwater Management Facilities as defined in the Declaration comprised of certain stormwater detention basins, drainage easements and culvert structures among other similar facilities, Common Open Space, private streets, sidewalks identified as a Common Element on the Plat and landscaping on the Common Elements. Declarant shall convey the Common Facilities to the Association on or before the time of conveyance of the last Unit to a Unit Owner other than Declarant.

The expenses of operating and maintaining the Common Elements are allocated equally among all Unit Owners. The amount of these expenses is determined in annual budgets established by an Executive Board, which a majority of the Unit Owners will elect commencing no later than sixty (60) days after Declarant has conveyed seventy-five percent (75%) of all Units to third parties or five (5) years after the recording of the Declaration, whichever occurs first.

III. THE DECLARANT

The Rainbow Run Planned Community is to be constructed upon land which is owned by Lobolito, Inc., a Pennsylvania corporation. Thus, the landowner is submitting this real estate to the planned community form of ownership by executing and recording the Declaration of Planned Community.

IV. BRIEF DESCRIPTION OF THE RAINBOW RUN PLANNED COMMUNITY

The Rainbow Run Planned Community is a residential planned community as permitted by the Uniform Planned Community Act, consisting of eighty-one (81) residential Units to be constructed on approximately 230 acres, more or less, in Lehigh Township, Wayne County, Pennsylvania, more particularly described in Exhibit "A" to the Declaration of Planned Community.

On-lot water facilities and on-lot sewage facilities will be the responsibility of each Unit Owner. Each Unit Owner will be responsible for installation, operation and maintenance of all on-lot water facilities and on-lot sewage facilities. Electricity service will be provided by PPL Electric Utilities, Inc. and will be individually metered to each Unit.

The residential structures to be constructed on the Units will be single family homes with or without an attached garage. Each Unit Owner will be responsible for construction of a residence on his Unit. The maximum number of Units shall be eighty-five (85) in the event Unit 78 is subdivided into not more than five (5) Units. The Common Facilities will be fully installed and available for use prior to conveyance of the Common Facilities to the Association.

V. THE PLANNED COMMUNITY DOCUMENTS

The Planned Community Documents are part of this booklet. The Declaration is the formal, legal document which creates the planned community. It establishes and expresses the existence of the planned community, records the plans showing all Units, defines certain terms and allocates the votes at meetings of Unit Owners and establishes each Unit Owner's liability for Common Expenses. The Declaration may be amended only by a vote of sixty-seven percent (67%) or more of the Unit Owners.

The By-Laws are the governing document setting forth the method of management of the planned community. The Planned Community, including Common Elements, is to be managed by the Association of Unit Owners through an Executive Board.

The Declaration and the By-Laws are very complex documents. Copies of these documents are attached for review by you and any legal counsel or other advisors you may elect to retain. Some of the significant features of the Declaration and By-Laws are described below; but if there is any conflict between the description contained in this Public Offering Statement and actual text of the Planned Community Documents, the Planned Community Documents will control:

(1) Restrictions on Use. With the exception of Unit 78, Units may be used by the Unit Owners only for residential purposes, subject to Declarant's rights to use Units which it owns as sales or management offices or models. Unit 78 may be used for residential or commercial

purposes. The Planned Community Documents do not contain any limitation on the sale or transfer of Units. Units may be leased by the Declarant or any Unit Owner pursuant to a written lease. Unit Owners are required to notify the Executive Board of any sale or lease of Units. Declarant shall have the right to subdivide or convert Units owned by them pursuant to Sections 5103 and 5215 of the Act. With the exception of Unit 78, such subdivision or conversion, if it occurs, will not increase the maximum number of Units that may be contained in the Planned Community.

(2) Rules and Regulations. Under the Declaration, the Executive Board may promulgate Rules and Regulations governing the use of the Planned Community. Copies of the Rules and Regulations must be delivered to the Unit Owners. If at the date of delivery of this Public Offering Statement any Rules and Regulations have been enacted, they are attached hereto. Such Rules and Regulations may govern, among other things, the use of recreation facilities and the ownership and enjoyment of pets in the Planned Community.

(3) Maintenance Responsibility and Expense. Each Unit Owner is solely responsible for the proper care and maintenance of his or her Unit. Maintenance of the Common Elements is the responsibility of the Association, which may assess Unit Owners for the cost of such maintenance and repairs.

(4) Executive Board of the Association. The Association is comprised of all of the Unit Owners. The daily affairs of the Association are to be managed by the Executive Board which will consist initially of three (3) persons. All members of the Executive Board shall be appointed by Declarant until sixty (60) days after twenty-five percent (25%) of the maximum number of Units created by the Declaration have been conveyed by Declarant to others, at which time the Unit Owners other than Declarant shall hold a meeting to elect two (2) members of the Executive Board to increase the Executive Board to five (5) members. Declarant will also have the right to remove any of its appointees at any time. Within sixty (60) days after seventy-five percent (75%) of the maximum number of Units created by the Declaration have been conveyed to persons other than the Declarant, but not later than five (5) years after the date of recording of the Declaration, a meeting of Unit Owners will take place; and the Unit Owners (including Declarant) will then elect the entire Executive Board. After such meeting of Unit Owners, all members of the Executive Board must be either Unit Owners or partners, shareholders or officers of entities that are Unit Owners or designees of Declarant. Annual meetings of Unit Owners will take place during the month of February of each year at a location reasonably proximate to the Planned Community. Unit Owners will be allocated one vote in the Association for each Unit owned.

The Executive Board is required to meet at least once a year. Its responsibilities include the approval of capital expenditures, the establishment of a budget for each fiscal year and the assessment against each Unit and Unit Owner of a portion of the funds necessary to operate under such budget. A majority of all Unit Owners may, however, reject any budget or capital expenditure approved by the Executive Board within thirty (30) days after such approval.

(5) Common Expense Allocation. Each Unit's assessment for Common Expenses shall be equal to the assessment for all other Units. Assessments for Common Expenses are made by the Executive Board and payable by the Unit Owners. If the amount assessed and collected by the Executive Board during any year is not sufficient to cover the actual Common Expenses of the Planned Community, the Executive Board may make additional assessments for the fiscal year. Any assessment which a Unit Owner does not pay, when due, becomes a lien against such Unit Owner's Unit enforceable under the Act and in accordance with the By-Laws, which provide for a late charge of each overdue assessment as well as interest at such rate as the Executive Board may determine. In addition, if the Executive Board wishes to expend or borrow monies or incur expenses in an amount greater than fifteen percent (15%) of the aggregate of all budgeted expenses for the fiscal year, such expenditures must have the prior approval of a majority of all Unit Owners at either a regular meeting or a meeting called for such purpose.

Prior to such time as the Executive Board is elected by the Unit Owners, Declarant will not cause the Association to enter into (i) any management contract, employment contract or lease of recreational or parking areas or facilities or (ii) any contract or lease (a) to which Declarant or an affiliate of Declarant is a party or (b) which cannot be canceled by the Association without cause upon ninety (90) or fewer days' notice.

An Agreement for Sale of the Unit will be executed by the Purchaser and Declarant at such time as the Purchaser has decided to acquire the Unit. The Agreement for Sale will include the Purchase Price of the Unit and other material terms relevant to the acquisition such as the status of title, the monthly planned community fees and capital reserve fee and timetable for Closing. A copy of the Agreement for Sale of the Unit is attached hereto and made a part hereof as Exhibit "A". There are no other contracts or leases applicable to the Planned Community which must be executed by Purchaser prior to Closing on the Unit.

(6) Sewage Facilities Management Committee. A Sewage Facilities Management Committee shall be responsible to supervise management of the operation and maintenance of all on-lot sewage facilities within the planned community, including any Greenhouse Systems (as that term is defined in the Act 537 Planning Module for the planned community). Initial responsibility for management and maintenance of all on-lot sewage facilities systems within the planned community shall be imposed upon each Unit Owner, with the duty and obligation of the Committee to oversee such management and maintenance and to act in cases where Unit Owners needs assistance or fail to properly manage and maintain such systems. The Committee shall be responsible for making periodic inspections of all on-lot systems, including Greenhouse Systems, on lots within the planned community in order to determine whether the systems are being properly operated and maintained. Reports documenting said inspections shall be maintained by the Committee and shall be available for inspection.

VI. ASSOCIATION BUDGET

A projected Annual Budget for the Association for the first twelve (12) month period of the Association is also attached hereto and made a part hereof as Exhibit "B". The said projected Budget is a good-faith estimate of the Association based upon projected expenses and income and occupancy.

The Budget may include a reserve for repairs and replacements and a small contingency reserve for unanticipated expenses. The Budget provides no other reserves. The projected monthly Common Expense assessment for each Unit shall be the total Budget divided by eighty-one (81) Units. Declarant will pay Common Expense assessments for each Unit owned by Declarant upon substantial completion of each such Unit. Any expenses paid or provided by the Declarant which may later constitute Common Expenses are identified on the projected Budget as such.

A reserve fund will be established by a working capital contribution by each purchaser in the amount of $250.00, payable at the time of settlement on each Unit.

VII. LIENS AND ENCUMBRANCES

The Planned Community is subject to an easement for construction and sales activities in favor of Declarant (as set forth in the Declaration) and to easements for utility services and other purposes as set forth in the Declaration. There are no other liens and encumbrances affecting the Planned Community as of the Effective Date of this Public Offering Statement.

VIII. AVAILABILITY OF DECLARANT FINANCING

Declarant will assist prospective purchasers with arranging financing through commercial lenders; however, no financing arrangements will be offered by the Declarant.

IX. WARRANTIES

The Declarant warrants against structural defects in structures constructed, modified, altered or improved by or on behalf of such Declarant in: (1) each of the Units and the Controlled Facilities that are part of a Unit for two (2) years from the date each Unit is conveyed to a bonafide Purchaser; and (2) all of the Controlled Facilities that are not part of a Unit and all Common Facilities for two (2) years, except facilities which have been dedicated to a municipality, municipal authority or other governmental unit. This is in accordance with §5411(b) of the Act. Other than the foregoing warranties, there are no other warranties either express or implied made by Declarant in connection with the Units, Controlled Facilities or Common Facilities.

X. JUDGMENTS AND LAWSUITS

There are no judgments against the Association, and there are no lawsuits pending against the Planned Community or material to the Planned Community of which the Declarant has any knowledge.

XI. DEPOSITS

Any deposits made in connection with the purchase of a Unit shall be held by Declarant or any licensed real estate broker in an escrow account in accordance with the provisions of Section 5408 of the Act. Any such deposit will be returned to the purchaser if he cancels an Agreement of Sale pursuant to Section 5406 of the Act.

XII. RESTRAINTS ON ALIENATION

There are no restraints on alienation of any portion of the Planned Community. As noted above, however, a Unit Owner may not lease or sublease his Unit except as provided in the Declaration.

XIII. INSURANCE COVERAGE

The Act requires that the Executive Board and the Association obtain and maintain insurance coverage for the Planned Community as follows:

(1) Hazard insurance against all risks of physical loss commonly insured against. Such insurance shall cover the Common Elements but not improvements and betterments installed by Unit Owners on their Units. SUCH IMPROVEMENTS AND BETTERMENTS ARE NOT COVERED BY THIS INSURANCE, AND EACH UNIT OWNER SHOULD MAINTAIN SEPARATE INSURANCE FOR SUCH PROPERTY. The Association's hazard insurance must be in an amount equal to one hundred percent (100%) of the actual cash value of the property insured, exclusive of land, excavations, foundations and similar items. All proceeds of this policy will be payable to the Association.

(2) Comprehensive liability insurance insuring Unit Owners (in their capacity as Unit Owners), members of the Executive Board and any management agent against any liability to the public or to the Unit Owners, their tenants or invitees. The initial limits of liability shall be \$1,000,000, for death or personal injury to any one (1) person, \$1,000,000 for property damage in any single occurrence. EACH UNIT OWNER SHOULD MAINTAIN HIS OWN LIABILITY INSURANCE FOR HIS OWN UNIT.

The Association may carry such other policies of insurance it deems appropriate to protect the Association or Unit Owners.

In the event that any improvement or structure built or located on the Common Elements is damaged or destroyed, such damage or destruction shall be repaired by the Association, using the available proceeds of insurance, unless eighty percent (80%) of the Unit Owners, including every owner of a Unit or assigned Limited Common Element which will not be rebuilt, vote not to rebuild, as provided in Section 5312(h) of the Act.

XIV. FEES FOR USE OF COMMON ELEMENTS

There are no current or expected fees to be paid by Unit Owners for use of the Common Elements and other facilities related to the Planned Community, if any.

XV. FINANCIAL ARRANGEMENTS FOR "MUST BE BUILT" IMPROVEMENTS

The Declarant has completed all financial arrangements for the completion of improvements labeled "Must Be Built" pursuant to Section 5417 of the Act.

XVI. VOTES IN THE ASSOCIATION

Each Unit Owner shall have one (1) vote per Unit in the Association. There shall be no cumulative or class voting..

XVII. STATUS OF STRUCTURAL COMPONENTS

All structural components and major utility installations in the Planned Community will be new when installed and construction thereon will have commenced within ninety (90) days of Declarant's receipt of final Plat approval from the Lehigh Township Board of Supervisors. Estimates of useful life and estimated cost of replacement of major components are subject to events beyond the control of Declarant and, therefore, no assurances can be given that the actual useful lives and replacement costs will be consistent with manufacturers' or contractors' projections. Nevertheless, all materials will be of new quality.

XVIII. Reserved.

XIX. GOVERNMENTAL APPROVALS AND PERMITS REQUIRED FOR USE AND OCCUPANCY

Subdivision and land development plan approval of the Planned Community has been obtained as evidenced by the Final Subdivision Plan dated May 1, 2003 and recorded on May 20, 2003 in the Office of the Recorder of Deeds in and for Wayne County, Pennsylvania, in Plan Book 99, Page 9. The following permits are required for the use and occupancy of the Planned Community:

1. NPDES Permit for Discharge of Storm Water from Construction Activities, Permit No. PAS107424.

2. Planning Module for Land Development

3. Building Permit

4. Occupancy Permit

5. Sewage Facilities Permit

Permits one and two identified above shall be obtained by Declarant, at Declarant's expense. Permits three through five shall be obtained by the Unit Owner, at Unit Owner's expense.

XX. VIOLATIONS OF GOVERNMENTAL REQUIREMENTS

There are no outstanding and uncured notices of violations of governmental requirements, to the best of the Declarant's and the Association's knowledge.

XXI. INFORMATION REGARDING ENVIRONMENTAL CONDITION OF THE PROPERTY

The Declarant has no knowledge as to the following statements as they relate to the Planned Community:

(a) Whether hazardous conditions, including contamination affecting the Planned Community site by hazardous wastes or the like, or the existence of underground storage tanks for petroleum products or other hazardous substances are present in the Planned Community;

(b) Whether any investigation is being conducted to determine the presence of hazardous conditions on or affecting the Planned Community site; or

(c) Whether there is any finding or action recommended to be taken in the report of any such investigation or by any governmental body, agency or authority in order to correct any hazardous conditions, and whether any action has been taken pursuant to such recommendations.

Purchaser may obtain information concerning the environmental condition of the planned community site from the following state and federal offices:

Commonwealth of Pennsylvania,
Department of Environmental Protection
South Central Regional Office
909 Elmerton Avenue
Harrisburg, PA 17110-8022

United States
Environmental Protection Agency
Region III (3RC22)
Philadelphia, PA 19107

XXII. SUMMARY OF DECLARATION PROVISIONS PERTAINING TO RESERVATION OF RIGHT TO DESIGNATE AS COMMON FACILITIES

Declarant, in Article XIV, reserves the right to designate as Common Facilities that portion of the Planned Community shown on the Plat as the Stormwater Management Facilities, the Sewer System Facilities, any streets designated on the Plat as private streets, Common Open Space, sidewalks shown on the Plat as Common Elements and any landscaping installed on any Common Elements. The Declarant shall convey the Common Facilities to the Association at the time of conveyance of the last Unit to a Unit Owner other than Declarant.

XXIII. FACILITIES AND AMENITIES IN THE PLANNED COMMUNITY

The Declarant shall be obligated to complete the following facilities and amenities within the time specified herein for conveyance to the Association no later than the time of conveyance of the last Unit to a Unit Owner other than Declarant.

1. Stormwater Management Facilities
2. Common Open Space
3. Private Streets
4. Sidewalks shown on Plat as Common Elements
5. Landscaping on any Common Elements

The Declarant has obtained financing from Penn Security Bank and Trust Company to complete the Common Facilities. Lehigh Township also has a security guarantee to ensure completion of the Common Facilities. The Association shall be responsible for the maintenance, repair, improvement, administration and regulation of the Common Facilities.

EXHIBIT "A"

Agreement for Sale of Planned Community Unit

EXHIBIT "B"

Budget

RAINBOW RUN PLANNED COMMUNITY
PUBLIC OFFERING STATEMENT

PROSPECTIVE PURCHASERS' REPORT

The undersigned hereby acknowledge(s) receipt on _______________, 200___, of a copy of the Public Offering Statement of the Rainbow Run Planned Community.

WITNESSES:

________________________ ________________________

________________________ ________________________

________________________ ________________________

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