

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer JC Development LLC
Address 68-041 Waialua Beach Road, Waialua, Hawaii 96791
Project Name (\*): Mokuleia Shores
Address: 68-041 Waialua Beach Road
Waialua, Hawaii 96791
Registration No. 633
Effective date: October 16, 2006
Expiration date: November 16, 2007

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.
FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission.
THIRD SUPPLEMENTARY: (pink) This report updates information contained in the:
And
[X] Supersedes all prior public reports.

(\* ) Exactly as named in the Declaration
This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2643 to submit your request.

**Disclosure Abstract:** Separate Disclosure Abstract on this condominium project:

[ ] Required and attached to this report [X] Not Required - Disclosures covered in this report.

**Summary of Changes from Earlier Public Reports:**

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

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

[X] Changes made are as follows:

1. The entire project has been sold to a new developer.
2. The Declaration of Condominium Property Regime has been completely amended and restated.
3. The By-Laws of the Association of Apartment Owners has been completely amended and restated.
4. The common interests have changed to reflect common interests which are *pro rata* to the size of apartments.
5. The parking stalls have been assigned to apartments as limited common elements.
6. The budget is entirely new.

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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: JC Development LLC Phone: 638-0911  
Name\* (Business)  
68-041 Waialua Beach Road  
Waialua, Hawaii 96791  
Business Address

Names of officers and directors of developers who are corporations; general partners of a partnership; partners of a Limited Liability Partnership (LLP); or manager and members of a Limited Liability Company (LLC) (attach separate sheet if necessary):

Jason McKinley - Member  
Carmenne Chiasson - Member

Real Estate Broker\*: Sunset Homes LLC Phone: 637-2400  
Name (Business)  
66-030 Kamehameha Hwy.  
Haleiwa, Hawaii 96712  
Business Address

Escrow Title Guaranty Escrow Services, Inc. Phone: 521-0211  
Name (Business)  
235 Queen Street, 1st Floor  
Honolulu, Hawaii 96813  
Business Address

General Contractor\*: None Phone: \_\_\_\_\_  
Name (Business)  
Business Address

Condominium Managing Agent\*: Hawaiiana Management Company, Ltd. Phone: 539-6896  
Name (Business)  
711 Kapiolani Blvd., Ste. 700  
Honolulu, Hawaii 96813  
Business Address

Attorney for Developer: Nancy N. Grekin Phone: 529-7419  
McCorriston Miller Mukai MacKinnon (Business)  
Name  
5 Waterfront Plaza  
500 Ala Moana Boulevard  
Honolulu, Hawaii 96813  
Business Address

\* For Entities: Name of corporation, partnership, Limited Liability Partnership (LLP), or Limited Liability Company (LLC)

## 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. \_\_\_\_\_  
Book 9668 Page 120  
 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]: Amendment to Horizontal Property Regime of Mokuleia Shores dated May 22, 1974, recorded in Liber 10014, Page 492; Second Amendment to Horizontal Property Regime of Mokuleia Shores dated December 6, 1974, recorded in Liber 10308, Page 121, Amendment to Horizontal Property Regime of Mokuleia Shores dated October 28, 2005, recorded as Document No. 2005-222731 and Amended and Restated Declaration of Condominium Property Regime of Mokuleia Shores dated May 5, 2006, recorded as Document No. 2006-103173.

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. 327  
 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]: The Condominium Map has been amended in it's entirety by Amendment to Horizontal Property Regime of Mokuleia Shores dated May 22, 1974, recorded in Liber 10014, Page 492.

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. \_\_\_\_\_  
Attached as Exhibit C in Dec. Book 9668 Page 120  
 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]: The By-Laws originally attached as Exhibit C in the Declaration recorded in Liber 9668, Page 120 have been amended and restated by Amended and Restated Declaration of Condominium Property Regime of Mokuleia Shores dated May 5, 2006, recorded as Document No. 2006-103173.

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:

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

\* 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



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:	<u>68-041 Wailua Beach Road</u>	Tax Map Key (TMK):	<u>(1) 6-08-011:001 and</u>
	<u>Wailua, Hawaii 96791</u>		<u>(1) 6-08-011:002</u>

Address  TMK is expected to change because \_\_\_\_\_

Land Area: 30,121  square feet  acre(s) Zoning: A-1

Fee Owner: JC DEVELOPMENT LLC  
 Name  
68-041 Waialua Beach Road  
Waialua, Hawaii 96791  
 Address

Lessor: N/A  
 Name  
 Address

C. **Buildings and Other Improvements:**

1.  New Building(s)  
 Conversion of Existing Building(s)  
 Both New Building(s) and Conversion  
 Existing Building(s) Previously Submitted to the Condominium Property Regime

2. Number of Buildings: 1 Floors Per Building: 3  
 Exhibit \_\_\_\_\_ contains further explanations.

3. Principal Construction Material:

Concrete  Hollow Tile  Wood  
 Other \_\_\_\_\_

4. Uses Permitted by Zoning:

	<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>
<input checked="" type="checkbox"/> Residential	<u>12</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<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"/> Hotel	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Recreational	_____	<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: See Exhibit B

Number of Occupants: \_\_\_\_\_

Other: See Exhibit B

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: \_\_\_\_\_ Stairways: \_\_\_\_\_ Trash Chutes: \_\_\_\_\_

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)</u>	<u>(Identify)</u>
1	3	2/1	561	_____	_____
2	6	2/1	600	_____	_____
3	3	3/1	699	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total Number of Apartments: 12

**\* 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

Permitted Alterations to Apartments:

See Exhibit D

Apartments Designated for Owner-Occupants Only:

Fifty percent (50%) of **residential** apartments must be so designated; developer has a right to substitute similar apartments for those apartments already designated. Developer must provide this information either in a published announcement or advertisement as required by section 514A-102, HRS; or include the information here in this public report and in the announcement (see attachment 11a). Developer has

X elected to provide the information in a published announcement or advertisement.

7. Parking Stalls:

Total Parking Stalls:	_____ 16 _____				
	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u> <u>Open</u> TOTAL
Assigned (for each unit)	_____ 12 _____		_____	_____	_____ 12 _____
Guest	_____ 4 _____		_____	_____	_____ 4 _____
Unassigned	_____	_____	_____	_____	_____
Extra for Purchase	_____	_____	_____	_____	_____
Other: _____	_____	_____	_____	_____	_____
Total Covered & Open:	_____ 16 _____		_____	_____	_____ 16 _____

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 \_\_\_\_\_ contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool       Storage Area       Recreation Area

Laundry Area       Tennis Court       Trash Chute/Enclosure(s)

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 \_\_\_\_\_  
(Date)

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): N/A

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 E.

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 F.

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 G.

as follows:

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 H describes the encumbrances against the title contained in the title report dated June 16, 2006 and issued by Title Guaranty of Hawaii, Inc.

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.

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 <b>Prior to Conveyance</b></u>
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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:

None

2. Appliances:

None

G. **Status of Construction and Date of Completion or Estimated Date of Completion:**

There is no construction. The building is completed in 1973.

H. **Project Phases:**

The developer [ ] has [X] 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):



## 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   May 9, 2006    
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 issued an effective date by the Hawaii Real Estate Commission.
  - B) Declaration of Condominium Property Regime, as amended.
  - C) Bylaws of the Association of Apartment Owners, as amended.
  - D) House Rules, if any.
  - E) Condominium Map, as amended.
  - 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 \_\_\_\_\_

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer or through the developer us sales agent, if any. The Condominium Property Regime law (Chapter 514A, HRS) and the Administrative Rules (Chapter 107) are available online. Please refer to the following sites:

Website to access official copy of laws: [www.capitol.hawaii.gov](http://www.capitol.hawaii.gov)

Website to access unofficial copy of laws: [www.hawaii.gov/dcca/hrs](http://www.hawaii.gov/dcca/hrs)

Website to access rules: [www.hawaii.gov/dcca/har](http://www.hawaii.gov/dcca/har)

This Public Report is a part of Registration No. 633 filed with the Real Estate Commission on November 9, 1973.

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

YELLOW paper stock

WHITE paper stock

PINK paper stock

C. **Additional Information Not Covered Above**

**LEAD WARNING STATEMENT**

Pursuant to federal law, 42, U.S.C 4852(d), the Residential Lead-Based Paint Reduction Act, "Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase."

**HAZARDOUS MATERIALS**

The Developer neither prepared nor commissioned a Phase 1 Environmental Site Assessment and makes no representations or warranties whatsoever. The developer has made no independent investigation as to asbestos or other hazardous substances in the apartments or in, under or around the Project, including but not limited to, radioactive materials, organic compounds known as polychlorinated biphenyls, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, toxic substances, and any and all other substances or materials defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials" or "toxic substances" under, or for the purposes of, hazardous materials laws. Buyer acknowledges that in light of the age of the Project, there may be asbestos and other hazardous substances in the apartments, or in, under or around the Project. Because of the possible presence of such substances, Buyer should have the apartment inspected to determine the extent (if any) of such contamination and any necessary remedial action. The developer will not correct any defects in the apartments or in the Project or anything installed or contained therein and Buyer expressly releases the developer from any liability to Buyer if any hazardous materials are discovered.

- D. The Developer declares subject to the penalties set forth in section 514A-49(b) that this project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the project, pursuant to Act 251 (SLH 2000) [Section 514A-1.6] (The developer is required to make this declaration for issuance of an effective date for a final public report.
- E. 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.

JASON D McKinley  
 Printed Name of Developer  
 JC DEVELOPMENT LLC

By: [Signature] MAY 10 2006  
 Duly Authorized Signatory\* Date

Jason McKinley, Managing Member  
 Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, City & County of Honolulu

Planning Department, City & County of Honolulu

**\* Must be signed for a: corporation by an officer; partnership or Limited Liability Partnership (LLP) by the general partner; Limited Liability Company (LLC) by the manager or member; and for an individual by the individual.**

**Exhibit A**  
**Developer's Reserved Rights and Future Development Plans**

1. The Developer grants and reserves the easements described in the Declaration.
2. The Developer reserves the right to designate, grant, convey, transfer, cancel, relocate and otherwise deal with any easements over, under, across or through the Common Elements as necessary or convenient to the exercise of any other of the Declarant's reserved rights, or for any reasonable purpose, which may include, but not be limited to, the following:
  - (a) operating, maintaining, or repairing any apartment, the Common Elements, or any Limited Common Element; or
  - (b) for any public purpose, including, without limitation, beach access, pedestrian walkways, stairs, ramps, trails, bikeways, or other passageways, or restroom facilities.
3. Developer hereby reserves the right to successively amend the Declaration, the By-Laws and, when applicable, the Condominium Map, without the consent, approval or joinder of any persons then owning or leasing an apartment and reserves the rights set forth in Sections 6.5 above and 20.5 in the Declaration ("Developer's Rights"), in the following respects:
  - (a) By filing an "as built" verified statement (with plans, if applicable) as required by Section 514A-12, HRS, as amended.
  - (b) In any way and for any purpose prior to the date that the Developer first records a deed conveying any apartment to any person other than to the Developer or its lenders.
  - (c) To comply with any laws or the requirements of any government agency (such as the Hawaii Real Estate Commission) in connection with the registration of the project, or to permit the sale of apartments.
  - (d) To satisfy requests for changes made by any institutional lender loaning money to the Developer or by any title company licensed to do business in the State of Hawaii.
  - (e) To correct any misstatements of fact in the condominium documents.
4. Developer reserves the right to subdivide the land upon which the project is situated by subdividing Tax Map Key No. (1) 6-08-011:002 (the "Unused Parcel") from such land and withdrawing the Unused Parcel from the project. Upon withdrawal, the Unused Parcel will no longer constitute a portion of the Common Elements of the project, but all Common Interests of apartments will remain unchanged. Upon exercise of Developer's reserved right to withdraw the Unused Parcel, Developer will amend the Declaration to describe the Land as Tax Map Key No. (1) 6-08-011:001 only and will amend the Condominium Map to reflect only Tax Map Key No. (1) 6-08-011:001 as the land upon which the project is situated.

**END OF EXHIBIT A**

**Exhibit B**  
**Special Use Restrictions**

1. Except for such home office use as may be allowed or permitted under applicable zoning ordinances, and subject to the provisions of this Declaration which permits the Declarant to do otherwise the following shall be applicable:

- (a) The apartments and their limited common elements shall not be used to carry on any business, trade or profession;
- (b) The apartments and their limited common elements shall not be used for sales of any articles or goods; and
- (c) No apartment owner, lessee, tenant or other occupant of an apartment shall bring clients, customers or other business invitees onto the property on a regular basis for business purposes.

2. No apartment owner, lessee, tenant, occupant, or other person shall:

- (a) directly or indirectly, use the project or any part thereof for bed and breakfast establishments; boarding facilities, rooming, or lodging houses; multiple-family dwellings, other than apartments; group living facilities; the promotion or sale of time share or interval ownership interests, interests in any fractional ownership plan, or sale, transfer or contribution to any membership club or plan; sales by auction or lottery; or for the operation of a tour or activity desk or any other business that directly or indirectly promotes the sale of time share or interval ownership interests, interests in a fractional ownership plan or interests in a membership club or plan; or
- (b) rent an apartment as a transient vacation rental for a rental period of less than thirty (30) days.

3. Owners may not have dogs exceeding twenty (20) pounds in weight.

**End of Exhibit B**

**Exhibit C**  
**Boundaries of Each Apartment**

1. Each apartment is comprised of the following:

- (a) the interior unfinished surfaces of the perimeter and party walls, doors, floors, and ceilings of such apartment and the spaces bounded by such walls, doors, floors and ceilings;
- (b) all windows and window frames, louvers (if any), and shutters (if any);
- (c) all movable lanai doors and their door frames;
- (d) The lanais to the inner decorated or finished surfaces of the exterior perimeter walls of such lanais, and to the interior edge of the exterior fence or other boundaries of such lanais;
- (e) all walls and partitions which are not load-bearing and which are within the perimeter or party walls of the apartment; and
- (f) all fixtures originally installed therein.

**End of Exhibit C**

**Exhibit D**  
**Permitted Alterations of Apartments**

1. It shall be reasonable for the Association or Board of the Association to impose certain conditions upon their respective approvals of any alteration, addition, change, removal or consolidation, including, without limitation, satisfaction of the following requirements:

(a) that the apartment owner to whom approval is given provide evidence satisfactory to the Board that such apartment owner has sufficient funds in cash or by means of committed financing to fully pay the estimated costs of construction for the contemplated alteration, addition, change or consolidation;

(b) that such apartment owner provide a copy of the building permit covering the proposed improvement work duly issued by the City and County of Honolulu;

(c) that such apartment owner provide a performance bond and a labor and material payment bond in a face amount equal to one hundred percent (100%) of the estimated cost of the construction to implement such alteration, additions, change or removal, naming the Board on behalf of the Association, the apartment owners and their Lenders, as their respective interests may appear, as additional obligees;

(d) that as an alternative to the requirements of Section 1(c) above, and under the appropriate circumstances, the Board may approve a written indemnity, in form and content acceptable to the Association, under which the apartment owner (or the Developer) agrees to indemnify and save harmless the Association, the apartment owners, and their Lenders, as their respective interests may appear, from and against any claims, demands or liability arising out of any failure by such apartment owner to pay all costs and expenses for any and all labor, materials or supplies for any work performed in or to such owner's apartment or limited common elements.

2. An apartment owner shall have the right, without Board or Association approval or consent, to make any alteration, addition, change or improvement solely within an apartment owned by such apartment owner provided that no such alteration, addition, change or improvement adversely affects the structural integrity of such apartment and that it is not readily visible from outside such apartment. Such alterations, additions, changes and improvements shall include, but not be limited to, the following:

(a) installing, maintaining, removing or rearranging partitions or other non load-bearing walls from time to time within such apartment;

(b) finishing, changing or substituting any plumbing, electrical or other fixtures attached to the ceilings, floors or walls of such apartment;

(c) decorating, painting, repainting, wallpapering or otherwise changing the appearance of the walls, floors and ceilings of such apartment;

(d) tiling, finishing, carpeting, re-carpeting, and installing, changing, or removing other flooring in such apartment; and

(e) making changes, additions and improvements to such apartment or Limited Common Elements to facilitate handicapped accessibility within such apartment or Limited Common Element provided that any change shall not be readily visible from outside the apartment.

3. The following changes, additions, and improvements described in may be made by any apartment owner subject only to the approval of the Board, which approval shall not be unreasonably withheld or delayed:

(a) The owner of any two apartments separated by a common element wall, floor, or ceiling, may change or remove all or part of such intervening common element, and install doors, stairways and other Improvements in such opening or openings in such intervening common element, to seal hallways or other openings, and make other reasonable changes or additions; provided, however, that any such change or removal shall not adversely affect the structural integrity of the other apartment or limited common elements of the building in which such apartment is situated.

(b) Any apartment owner who owns any two adjacent apartments may consolidate such apartments into a single apartment; and incorporate any common element walls, floors or ceilings between such apartments into such apartments or their limited common elements. The common interest of the newly created apartment will be equal to the sum of the common interests of the apartments which were consolidated.

**End of Exhibit D**

**Exhibit E**  
**Description of Common Elements**

The common elements of the condominium project consist of the following:

1. The land upon which the project is situated in fee simple;
2. Recreation areas;
3. All roadways, including shoulders areas, rights of way and landscaping in roadway areas, and driveways;
4. All foundations, floor slabs, columns, girders, beams, supports, perimeter and party walls and partitions (excluding the finishes thereon), roofs and stairways (excluding any private stairway located within and serving only a single apartment);
5. All vents, shafts, sewer lines, water lines, pipes, cables, conduits, ducts, electrical equipment, wiring and other central and appurtenant transmission facilities and installations on, above, over, under and across the project to the point of their respective connections to Improvements comprising a part of the apartments or the limited common elements appurtenant thereto, including, without limitation, those providing electricity, light, gas (if any), water, air conditioning, sewer, refuse, drainage, irrigation, telephone, and radio and television signal distribution (if any) to more than one apartment; and
6. Any and all other apparatus and installations existing for common use by more than one apartment, and any and all other parts of the project necessary or convenient to its existence, maintenance or safety, or normally in common use.

**End of Exhibit E**

**Exhibit F**  
**Description of Limited Common Elements**

Each apartment shall have as an appurtenant limited common element one parking stall assigned as follows:

<b>Apartment</b>	<b>Parking Stall No.</b>
101	14
102	11
103	10
104	7
201	15
202	12
203	9
204	6
301	16
302	13
303	8
304	5

**End of Exhibit F**

**Exhibit G**  
**Common Interests of Apartments**

<b>Apartment</b>	<b>Type</b>	<b>Common Interest</b>
101	1	7.60%
102	2	8.13%
103	2	8.13%
104	3	9.47%
201	1	7.60%
202	2	8.13%
203	2	8.13%
204	3	9.47%
301	1	7.60%
302	2	8.13%
303	2	8.13%
304	3	9.48%
		100.00%

**End of Exhibit G**

**Exhibit H**  
**Encumbrances Against Title**

1. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
2. A 20-foot building setback line for road widening as shown on File Plan No. 863.
3. Grant in favor of Hawaiian Electric Company, Inc. and Hawaiian Telephone Company dated June 19, 1963, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 4571 at Page 234; granting easement for right-of-way for utility purposes over and across the premises described herein.
4. The terms and provisions contained in the instrument recorded in said Bureau in Liber 8696, Page 394.

The foregoing includes, but is not limited to, matters relating to the following:

"The purchaser shall not place any used or secondhand buildings on the property herein described, or use or incorporate any used or secondhand materials into any buildings placed thereon prior to December 31, 1992....the foregoing covenant shall run with the land and inure to the benefit of Lots 56-60, inclusive, Lots 65-71, inclusive, Lots 79, 80, and 87, Lots 90-94, inclusive, Lots 96, 99, 100, 104, 105, 108, 109, 111, 112 and 120 as shown on File Plan No. 863, filed at the Bureau of Conveyances of the State of Hawaii."

5. The terms and provisions contained in the Declaration of Horizontal Property Regime of Mokuleia Shores dated November 8, 1973, recorded in said Bureau in Liber 9668, Page 120, as shown on Map No. 327 any amendments thereto.

Said Declaration was amended by instruments dated May 22, 1974, recorded in said Bureau in Liber 10014, Page 492; dated December 6, 1974, recorded in said Bureau in Liber 10308, Page 121; and dated October 28, 2005, recorded in said Bureau as Document No. 2005-222731.

Said Declaration was amended and restated by instrument dated May 5, 2006, recorded in said Bureau as Document No. 2006-103173.

6. The terms and provisions contained in the Amended and Restated By-Laws of The Association of Apartment Owners of Mokuleia Shores dated June 2, 2006, recorded in said Bureau as Document No. 2006-103174.

The foregoing Amended and Restated By-Laws restate the original By-Laws contained in Exhibit "C" of said Declaration of Horizontal Property Regime of Mokuleia Shores, dated November 8, 1973, recorded in said Bureau in Liber 9668, page 120.

7. Encroachment(s) as shown on the survey map prepared by George Sumida, Land Surveyor, with Park Engineering, dated November 19, 1996.
8. Mortgage made by JC DEVELOPMENT LLC, a Hawaii corporation, as Mortgagor and INVESTORS FUNDING CORPORATION, a Hawaii corporation, as Mortgagee, dated October 28, 2005, recorded in said Bureau as Document No. 2005-222733, in the amount of \$1,500,000.00.
9. Any unrecorded leases and matters arising from or affecting the same.

**End of Exhibit H**

**EXHIBIT I**

**ESTIMATE OF INITIAL MAINTENANCE FEES  
AND  
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS**

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Common Interest</u>	<u>Monthly Fee</u>	<u>Monthly Fee x 12 months = Yearly Total</u>
101	7.60%	\$434.42	\$5,213.04
102	8.13%	\$464.71	\$5,576.52
103	8.13%	\$464.71	\$5,576.52
104	9.47%	\$541.31	\$6,495.72
201	7.60%	\$434.42	\$5,213.04
202	8.13%	\$464.71	\$5,576.52
203	8.13%	\$464.71	\$5,576.52
204	9.47%	\$541.31	\$6,495.72
301	7.60%	\$434.42	\$5,213.04
302	8.13%	\$464.71	\$5,576.52
303	8.13%	\$464.71	\$5,576.52
304	9.48%	\$541.88	\$6,502.56

***The Real Estate Commission has not reviewed the estimates of maintenance fee assessments and disbursements for their accuracy or sufficiency***

## Fee Disbursement

Mokuleia Shores  
(12 units)

Utilities	Monthly	Annually
Electricity	\$1,500.00	\$18,000.00
Water	\$250.00	\$3,000.00
Sewer	\$900.00	\$10,800.00
Telephone		\$0.00
<b>Maintenance</b>		
Grounds Mtnce.	\$350.00	\$4,200.00
Refuse	\$150.00	\$1,800.00
Fire Systems	\$10.00	\$120.00
Bldg. Repairs and Supplies	\$225.00	\$2,700.00
<b>Professional Services</b>		
Admin Supplies and Services	\$100.00	\$1,200.00
Management Fees	\$521.00	\$6,252.00
Audit/Tax Preparation	\$50.00	\$600.00
Legal Fees	\$25.00	\$300.00
Insurance - Property & GCL	\$428.00	\$5,136.00
Umbrella	\$125.00	\$1,500.00
Fidelity Bond	\$39.00	\$468.00
Director and Officer Liability	\$70.00	\$840.00
Flood	\$283.00	\$3,396.00
<b>Other</b>		
GET & Fed. Taxes	\$20.00	\$240.00
Condo Registration	\$10.00	\$120.00
<b>Subtotal</b>	<b>\$5,056.00</b>	<b>\$60,672.00</b>
Reserves*	\$660.00	\$7,920.00
<b>Total</b>	<b>\$5,716.00</b>	<b>\$68,592.00</b>

I, Emory Bush, as agent employed by Hawaiiana Management Company, Ltd. the condominium managing agent for Mokuleia Shores 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.

Emory Bush

Signature

6-21-06

Date

Pursuant to 514A-83.6, Hawaii Revised Statutes, a new association created after January 1, 1993 need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting. The Developer has conducted a reserve study for the Project and the budgeted expenditure amount includes an amount for reserves based on this estimate.

**Exhibit J**  
**Summary of Pertinent Provisions of Sales Contract**

1. Developer's Cancellation of Rights.

(a) In the event buyer shall have died prior to his acquisition of title to the apartment, the developer may elect to return all sums paid under the sales contract to buyer's estate or legal representative, and thereupon all rights of buyer shall cease and terminate without further liability on the part of the developer.

(b) Except as otherwise provided in the sales contract, if buyer shall default in making any of the payments or performing any of the obligations called for in the sales contract (including, but not limited to/ buyer's making a mortgage loan application pursuant to Section 3 of the sales contract) and such default shall continue for ten (10) days after notice delivered personally or by mail by developer to buyer at the address given above, then, forthwith at the option of developer, buyer shall lose any and all rights under the sales contract, and any amount paid toward the purchase price may be retained by developer as liquidated damages, or may/ at the option of developer, be returned, less buyer's proportionate share of expenses to be determined solely by developer. Time is of the essence of the sales contract. Additionally, developer may pursue any other remedy, and all costs, including reasonable attorney's fees incurred by reason of default by the buyer shall be borne by the buyer.

(c) The developer may, at its option, release the obligations of buyer under the sales contract in the event buyer shall secure another purchaser who is satisfactory to developer. This Agreement is not otherwise assignable. Any assignment or attempted assignment by buyer (including, without limitation, any solicitation for sale of the apartment or any interest of buyer's therein or any agreement of sale entered into prior to the actual closing of this sale) shall constitute a material breach and developer at its option may terminate the sales contract and retain all sums paid as liquidated damages.

2. Right of Buyer to Cancel the Sales Contract.

(a) The buyer has a legal right under Hawaii law to cancel the purchase of the apartment, if the buyer desires to do so, without any penalty or obligation within thirty days following the date the Supplementary Public Report (or Reports) is delivered to the buyer. If the buyer cancels, then the buyer will be entitled to receive the refund of any down payment or deposit, less any escrow cancellation fees and other costs/ which cost and fees shall not exceed \$250.

(b) If the buyer decides to cancel, the buyer shall do so by notifying the developer at the address provided for in the DROA by mail or facsimile sent before: (i) the conveyance to the buyer of the apartment; or (ii) midnight of thirtieth day after delivery of the Public Report(s) to the buyer, whichever is earlier. If the buyer sends or delivers his written notice some other way, it must be delivered to the above-referenced address no later than that time. The buyer can use any written statement that is signed and dated by the buyer and states his intention to cancel, or the buyer may use the notice contained in Section 514A-62, Hawaii Revised Statutes, by checking the appropriate box and by signing and dating it.

(c) If the buyer does not act within the above thirty-day period or if the apartment is conveyed to the buyer within the above thirty-day period, the buyer will be considered to have executed the receipt for the Supplementary Public Report and to have waived his right to cancel the purchase of the apartment. The buyer may also waive his right to cancel by checking the appropriate box, by signing and dating the form of notice contained in Section 514A-62, Hawaii Revised Statutes, and by returning said notice to the developer.

(d) It is understood that no obligation to purchase an apartment under any agreement for the purchase or reservation of an apartment entered into prior to the issuance of a Supplementary Public Report is enforceable against the buyer under such agreement.

(e) All monies paid by buyer prior to issuance of the Supplementary Public Report shall be deposited in trust with the escrow agent with instructions that no disbursements shall be made from such trust fund on behalf of developer until the sales contract has become effective, and requirements of Sections 514A-63, Hawaii Revised Statutes, as amended, have been met.

(f) Upon the occurrence of any of the above, and upon the return by escrow agent of the payments made by buyer, whether or not upon his request, the rights of the parties hereto under the sales contract

shall terminate and neither shall have any further rights or obligations in relation thereto. Whenever escrow agent shall be required to return any monies to buyer, the same shall be without interest.

(g) Additional right to cancel by buyer under §514A-63, HRS.

(h) Except for any additions, deletions, modifications and reservations made pursuant to the terms of the Amended and Restated Declaration of Condominium Apartment Regime for the project, the buyer may rescind his purchase of the apartment even though the sales contract is binding upon him if there is a material change in the project which directly, substantially, and adversely affects the use or value of (i) the buyer's apartment or appurtenant limited common elements, or (ii) those amenities of the project available for the buyer's use.

(i) The buyer's right of rescission shall be waived upon

(i) delivery to the buyer of a disclosure document which describes the material change and contains a provision for the buyer's written approval or acceptance of such change, and

(ii) the buyer's written approval or acceptance of the material change, or the lapse of ninety days since the buyer has accepted the apartment or since the buyer's occupancy of the apartment.

(iii) If the buyer does not rescind the sales contract or execute and return the written approval or acceptance of such change as provided in the disclosure document within thirty days from the date of delivery of such disclosure document, the buyer shall be deemed to have approved and accepted such change (but only if at the time of delivery of the disclosure document, the buyer is notified that his failure to act within such 30 day period will be deemed to be an approval).

(j) Notwithstanding the foregoing, if prior to delivery of a disclosure document, ninety days have elapsed since the buyer has accepted the apartment, or the buyer has occupied the apartment, then the buyer's right to rescission shall not be waived unless the buyer shall execute the written approval or acceptance of such change as provided in the disclosure document within thirty days from the date of delivery of such disclosure document or the buyer is deemed to have approved and accepted such change as set forth above.

(k) In the event of rescission, the buyer shall be entitled to a prompt and full refund of any moneys paid, less any escrow cancellation fees and other costs up to \$250.

### 3. Warranties and Construction Defects.

(a) The parties understand that the apartment being is an existing dwelling that was constructed in approximately 1973. The developer did not construct the building and is giving no warranties to buyer with respect to (i) the construction, materials, design or workmanship of the apartment or the common elements of the project, or (ii) any matters other than title with respect to the land on which the project is located. However, the developer is transferring the appliances and the electrical and plumbing fixtures in normal working condition consistent with their age. The developer will not be liable to the buyer for any construction or other defects, including any latent or hidden defects in the apartment or the common elements or anything installed or contained therein.

(b) Buyer understands the importance of making his own investigation or having an investigation made by trained professionals of the apartment and the project.

(c) The buyer further understands that execution, delivery and recordation of the buyer's apartment deed shall constitute the buyer's acceptance of the apartment and the project and the condition thereof, including all personal property therein.

(d) Except as to the foregoing, the buyer understands that the apartment is being sold in "AS IS" condition. This means that the buyer is assuming all risks as to the condition of the apartment and the project, including the land; that the developer will not be obligated to correct any defects in the apartment or the project (including the land) or anything installed or contained therein if such defects are later discovered, and that the buyer will not have the right to file any lawsuit for damages against the developer for any defects later discovered by the buyer.

**End of Exhibit J**

**Exhibit K**  
**Summary of Pertinent Provisions of Escrow Agreement**

1. Sales Contracts to be Deposited in Escrow. When the developer enters into a sales contract, the developer will deliver an executed copy of such sales contract to escrow.

2. Receipt of Funds by Escrow.

(a) Deposits by Developer. The developer will deposit with escrow any monies received by the developer from each buyer under a sales contract.

(b) Escrow's Responsibilities. Escrow will receive and hold in escrow and disburse as set forth in the escrow agreement the following:

(i) all payments made by the developer under sales contracts to the extent received by escrow;

(ii) all funds from any lending institution disbursed pursuant to a mortgage loan made to a buyer for the purchase of an apartment; and

(iii) all sums received by escrow from any other source on account of the sale to a buyer of an apartment.

3. Deposit of Escrowed Funds. In accordance with written instructions from the developer, escrow will deposit all funds received by it, within a reasonable time of such receipt by escrow and in reasonably convenient sums, in trust accounts at a federally insured bank, savings and loan association or trust company authorized to do business in the State of Hawaii under an escrow arrangement.

4. Conditions to be Satisfied Prior to Disbursement. No disbursement of funds held by escrow shall be made unless and until all of the following conditions have been satisfied, which may occur before closing of the sale of an apartment to a buyer:

(a) Supplementary Public Report. The Real Estate Commission shall have issued an effective date for the "Supplementary Public Report" for the condominium project, and buyer is given a copy of the Supplementary Public Report and acknowledges receipt of same or is deemed to have acknowledged receipt of same.

(b) Buyer's Rescission Rights. The developer or the developer's attorney shall have delivered a written opinion to escrow stating that the requirements of HRS Sections 514A-62 and 514A-63, as amended, have been satisfied.

(c) Developer's Cancellation Rights. The developer shall have given escrow a written waiver of any option reserved in any sales contract to cancel such sales contract.

5. Return of Funds and Documents.

(a) Escrow's Obligations to Return Funds. A buyer shall be entitled to a return of funds held by escrow, and escrow shall pay such funds to such buyer if any one of the following shall have occurred:

(i) The developer and such buyer shall have instructed escrow in writing to return such funds to such buyer; or

(ii) The developer has notified escrow of the developer's exercise of the option to cancel or rescind the sales contract entered into by such buyer pursuant to any right of cancellation or rescission provided for therein or otherwise available to the developer with respect to which, and such buyer is entitled in accordance with the sales contract to a return of funds deposited by such buyer with escrow; or

(iii) With respect to any buyer whose funds were obtained prior to the issuance of the Supplementary Public Report, such buyer has exercised such buyer's right to cancel the sales contract entered into by such buyer pursuant to HRS Section 514A-62; or

(iv) Such buyer has exercised such buyer's right to rescind the sales contract entered into by such buyer pursuant to HRS Section 514A-63.

6. Cancellation Fee; Cancellation of Sales Contract. Upon the occurrence of any event described in Section 5(a)(i) or 5(a)(ii) above or upon receipt of a written request for a refund from any buyer upon the occurrence of any event described in Section 5(a)(iii) or 5(a)(iv) above, and unless such buyer has waived or has been deemed to have waived such buyer's right to a refund, escrow shall deliver to such buyer all funds received from such buyer, less, if so specified in the sales contract entered into by such buyer, a cancellation fee to escrow of not less than Two Hundred Fifty Dollars (\$250.00) per Apartment which is the subject matter of such sales contract. Upon such payment, said sales contract shall be deemed cancelled and any partially executed conveyance document theretofore delivered to escrow shall be returned to the developer; provided, however, that no refund shall be made to any buyer prior to escrow giving the developer written notice of escrow's intention to make such refund.

7. Buyer's Default.

(a) Sums Payable by Buyer Under Sales Contract. The developer shall give notice in writing to escrow of the occurrence of each event that creates an obligation on the part of any buyer to make any payment to escrow pursuant to the terms of a sales contract entered into by such buyer, and the amount of and due date for such payment. Upon receipt of any such notice, escrow shall promptly give such buyer notice of the amount and date on which such required payment is due.

(b) Failure of Buyer to Make Required Payment. If a buyer fails to make any required payment to escrow on or before the date on which it is due or if such buyer fails to satisfy any obligation or requirement being handled by escrow, escrow shall promptly notify the developer of any such failure on the part of such buyer. If the developer (i) subsequently certifies in writing to escrow that the developer has terminated the sales contract into which such buyer entered in accordance with the terms thereof, and (ii) provides to escrow a copy of the notice of termination sent to such buyer, escrow shall thereafter treat all funds of such buyer paid on account of such buyer's sales contract as the property of the developer, and not as the property of such buyer. Such funds shall be free of the escrow established by such sales contract and escrow agreement and shall be held by escrow for the account of the developer.

(c) Disbursement of Funds; Delivery to Buyer Upon Termination of Sales Contract. Upon the written request of the developer:

(i) Escrow shall pay to the developer the funds referred to in Section 7(b) above, less any escrow cancellation fee;

(ii) shall return to the developer any partially executed conveyance documents theretofore delivered to escrow by the developer; and shall hold all other documents theretofore delivered to escrow in connection with such buyer's purchase of an apartment for any applicable statutory period.

8. Closing.

(a) Escrow shall promptly and diligently arrange for and supervise the execution of all documents related to the closing of the sale of each apartment, and shall promptly and diligently close the transactions and perform such services as are necessary or proper for the closing of such sale.

(b) Not later than ten (10) days prior to the date scheduled for closing the sale of a apartment, escrow shall deliver to developer and each buyer of a apartment a commitment by Title Guaranty of Hawaii, Incorporated ("TG"), to issue at closing a standard owner's title insurance policy insuring that buyer has good and marketable title to such apartment and, if appropriate, an ALTA lender's title insurance policy, which commitment shall contain no exceptions to title other than encumbrances accepted by buyer by written approval of the commitment for title insurance, in the full amount of the Purchase Price (collectively, the "Title Policy"). The premium for the Title Policy issued with respect to a apartment shall be as follows; provided, however, that the title insurance premium may be subject to change if reinsurance rates change or if special endorsements or additional title services are requested. endorsements or additional title services are requested:

(c) Upon receipt by escrow of:

(i) an executed conveyance document for a apartment;

(ii) all necessary releases of encumbrances;

(iii) the Title Company's commitment to issue the Title Policy;

(iv) from buyer, the full amount of the purchase price for such apartment, and such buyer's share of closing costs; and

(v) a receipt for the Supplementary Public Report signed by the buyer escrow shall act promptly to close the sale of such apartment by recording of such conveyance document and such releases, if any; and after recordation, escrow shall cause

(1) the Title Policy and a copy of said conveyance document to be delivered to such buyer;

(2) if requested, a copy of said conveyance document and the release or partial releases, if any, to be delivered to the developer; and

(3) all sums with respect to the purchase of the apartment to be disbursed to the developer after deduction by escrow of the developer's share of the closing costs.