REAL ESTATE COMMISSION

PROFESSIONAL & VOCATIONAL LICENSING DIVISION
DEPARTMENT OF REGULATORY AGENCIES
STATE OF HAWAII
1010 RICHARDS STREET
P. O. BOX 3469
HONOLULU, HAWAII 96801

PRELIMINARY
HORIZONTAL PROPERTY REGIMES (CONDOMINIUM)
PUBLIC REPORT

on
PALEHUA TOWNHOUSES, PHASE II
Makakilo Drive
Ewa Beach, Hawaii

REGISTRATION NO. 800

IMPORTANT — Read This Report Before Buying

This Report Is Not an Approval or Disapproval of This Condominium Project

It reflects information obtained by the Real Estate Commission in its investigation of the project. This report, based on a principle of disclosure, is issued by the Commission for the purpose of preventing fraud, misrepresentation or deceit.

The developer shall not enter into a binding contract or agreement for the sale of any unit in a Condominium Project but may only take reservations therefore after

(1) A copy of this Report has been given to the prospective purchaser,
(2) The latter has been given an opportunity to read same, and,
(3) His receipt taken therefor.

Issued: August 25, 1975
Expires: September 25, 1976

SPECIAL ATTENTION

A comprehensive reading of this report by prospective purchasers is urged in order that personal requirements and expectations to be derived from the property can be ascertained. The attention of the purchaser and prospective purchaser is particularly directed to the following:

THE REPORT REFLECTS INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION SUBMITTED ON AUGUST 1, 1975, AND ADDITIONAL INFORMATION SUBSEQUENTLY FILED AS OF AUGUST 20, 1975. THE DEVELOPER, BY NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY ACT, CHAPTER 514, HAWAII REVISED STATUTES, AS AMENDED.

1. Palehua Townhouses, Phases I & II, is a proposed leasehold condominium project consisting of seventeen (17) two-story multi-family residential buildings containing ninety-two (92) residential units, of which ninety-one (91) will be condominium apartments and one (1) will be the resident manager's apartment and a part of the

common areas. There will be one hundred eighty-four (184) parking stalls provided in the parking areas.

2. The developer is contemplating the development and sale of this project in two phases, being in order Phases II and I. This Preliminary Public Report, while describing the entire condominium project, covers only the sale of apartments in Phase II, to be known as Palehua Townhouses, Phase II. Phase II shall consist of fifty-four (54) residential units, of which fifty-three (53) will be apartments, and one will be the resident manager's unit, all of which shall be contained in ten (10) buildings, a recreation area, and one hundred eight (108) parking stalls, of which two parking stalls will be for the use of the resident manager.

3. The documentation submitted by the Developer reflects that the purchasers will acquire from the Trustees under the Will and of the Estate of James Campbell, Deceased, the owner of the land, a leasehold interest in the apartment unit purchased for a term of fifty-five years.

4. The developer has arranged for the financing of apartments in Phases I and II of this project by way of mortgages insured by the Department of Housing and Urban Development pursuant to Section 234 of Title II of the National Housing Act and is currently arranging for the financing of apartments in Phases I and II of this project by way of mortgages guaranteed by the Veterans Administration under Section 1810 (a)(6) of Title 38 of the U. S. Code. As a condition of its providing such insurance, the Department of Housing and Urban Development requires that the Association of Apartment Owners of Palehua Townhouses enter into with the Department and record a Regulatory Agreement whereby the Association may be regulated and restricted by the Department. The Regulatory Agreement is proposed to be executed by the Developer for and on behalf of the Association and recorded with the Declaration. Purchasers of apartments in this project should, therefore, familiarize themselves with the provisions of the Regulatory Agreement.

5. The Developer of the project has submitted to the Commission for examination all documents deemed necessary for the registration of a condominium project and issuance of this Preliminary Public Report. The Developer is held responsible for placing this Preliminary Public Report (yellow paper stock) in the hands of all purchasers and prospective purchasers. Securing a signed copy of the receipt for the Horizontal Property Regime Public Report from each purchaser and prospective purchaser is also the responsibility of the Developer.

6. The basic documents (Declaration of Horizontal Property Regime of Palehua Townhouses, By-Laws of Association of Apartment Owners of Palehua Townhouses, and a copy of floor plans) have not yet been filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii.

7. No advertising and promotional matter has been submitted to the commission.

8. The purchaser or prospective purchaser is advised to acquaint himself with the provisions of Chapter 514, Hawaii Revised Statutes, and the Rules and Regulations which relate to Horizontal Property Regimes.

9. This Preliminary Public Report automatically expires thirteen (13) months after date of issuance, August 25, 1975, unless a Supplementary Public Report issues or the Commission, upon review of the registration, issues an order extending the effective period of this report.

10. If the Final Public Report on Palehua Townhouses, Phase II, is not issued within one year from the date of issuance of this Preliminary Public Report, purchasers are entitled to refund of all moneys paid by them without interest at any time after the expiration of said one-year period and prior to the expiration of ten (10) days after the delivery of the Final Public Report to purchasers.

NAME OF PROJECT: PALEHUA TOWNHOUSES

LOCATION: The land, consisting of one (1) parcel containing 9.492 acres, is situate at Panana Street, Ewa Beach, Hawaii being further described as Lot 2553 as shown on Map 261 filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 1069, being a portion of the land covered by Transfer Certificate of Title No. 176,263 issued to the Trustees under the Will and of the Estate of James Campbell, deceased.

TAX KEY: 9-2-03-Por.2

ZONING: Planned Development-Housing (PD-H)
Portion of District No. R-40A

DEVELOPER: Finance Realty Company, Limited, a Hawaii corporation, whose principal place of business and post office address is 195 South King Street, Honolulu, Hawaii 96813 (telephone: 548-3347), is the Developer of this project. The officers of the Developer are:

Mun On Chun	President
Journ T. Yee	Vice President
Daniel B. T. Lau	Vice President & Secretary
Clifford H. N. Yee	Vice President
Jerold Y. K. Chun	Vice President & Treasurer
Wendell K. Pang	Vice President

ATTORNEY REPRESENTING DEVELOPER: Wendell K. Pang, 195 South King Street, Honolulu, Hawaii (Telephone: 548-3356).

DESCRIPTION: The developer is contemplating the development of a single condominium project which is scheduled to be constructed and sold in two phases, being in order Phases II and I.

Phase I shall consist of thirty-eight (38) apartments contained in seven (7) buildings, being Buildings 92-951, 92-953, 92-958, 92-968, 92-972, 92-984, and 92-988, the parking spaces appurtenant thereto as designated in the Declaration, and three (3) tot lots. Phase II shall consist of fifty-three (53) apartments contained in ten (10) buildings, being Buildings 92-946, 92-948, 92-950, 92-952, 92-954, 92-956, 92-960, 92-962, 92-964 and 92-966, the parking spaces appurtenant thereto as designated in the Declaration, and a recreation area.

The apartments will be constructed principally of wood. Division walls will be principally of double stud wall construction with acoustical insulation. The apartments shall be of five types, designated as Type 2BF, Type 3BF, Type 3BS, Type 4BF, and Type 4BS, described as follows:

Type 2BF - The type 2BF apartment is a ground level apartment which contains enclosed storage areas at the front and rear of the apartment, an entry hall, utility closet, kitchen, living room-dining area, and a powder room on the first floor, and two bedrooms, one full bathroom, a storage closet, and a linen closet on the second floor, with an interior stairway connecting both floors, for a gross floor area, including exterior storage area, of 973 square feet. In addition the apartment includes as limited common elements a partially fenced, open-air courtyard at the front entry of the apartment, and a partially fenced yard area adjoining the rear of the apartment, as shown on said Condominium Map.

Type 3BF - The type 3BF apartment is a ground level apartment which contains enclosed storage areas at the front and rear of the apartment, an entry hall, coat closet, two storage closets, kitchen, living room-dining area, and one full bathroom on the first floor, and three bedrooms, one full bathroom, and a linen closet on the second floor, with an interior stairway connecting both floors, for a gross floor area, including exterior storage area, of 1,237 sqare feet. In addition the apartment includes as limited common elements a partially fenced, open-air courtyard at the front entry of the apartment, and a partially fenced yard area adjoining the rear of the apartment, as shown on said Condominium Map.

Type 3BS - The type 3BS apartment is a split level apartment which contains an enclosed storage area at the front of the apartment, an entry hall at ground level, a kitchen, living room-dining area, a utility closet with powder room, and a lanai with enclosed storage area on the first floor, and three bedrooms, one full bathroom, a storage closet, and a linen closet on the second floor, with an interior stairway connecting both floors, for a gross floor area, including the lanai and

exterior storage areas, of 1,346 square feet. In addition the apartment includes as limited common elements a partially fenced, open-air courtyard at the front entry of the apartment as shown on said Condominium Map, but has no partially fenced yard area adjoining the rear of the apartment.

Type 4BF - The type 4BF apartment is a ground level apartment which contains an enclosed storage area at the rear of the apartment, an entry hall, coat closet, three storage closets, kitchen, living room-dining area, utility room, and master bedroom with one full bathroom on the first floor, and three bedrooms, one full bathroom, and a linen closet on the second floor, with an interior stairway connecting both floors, for a gross floor area, including exterior storage areas, of 1,451 square feet. In addition the apartment includes as limited common elements a partially fenced, open-air courtyard at the front entry of the apartment, and a partially fenced yard area adjoining the rear of the apartment, as shown on said Condominium Map.

Type 4BS - The type 4BS apartment is a split level apartment which contains two enclosed storage areas at the front of the apartment, an entry hall and master bedroom with one full bathroom at ground level, one storage closet, kitchen, living room-dining area, and lanai with enclosed storage area on the first floor, and three bedrooms, one full bathroom, a storage closet, and a linen closet on the second floor, with an interior stairway connecting both floors, for a gross floor area, including the lanai and exterior storage areas, of 1,562 square feet. In addition the apartment includes as limited common elements a partially fenced, open-air courtyard at the front entry of the apartment, as shown on said Condominium Map, but has no partially fenced yard area adjoining the rear of the apartment.

Types 2BF, 3BF and 4BF apartments have ground floors which are of concrete slab construction. Types 3BS and 4BS apartments have ground floors which are wood floors of pier and post construction.

Types 2BF, 3BF and 4BF apartments have immediate access to front and rear entries appurtenant to such apartments. Types 3BS and 4BS apartments have immediate access only to the front entry appurtenant to such apartments. All apartments have immediate access to walkways connecting the buildings to the street entrances and parking areas of the project.

The respective apartments shall not be deemed to include the un-

decorated or unfinished surfaces of the perimeter walls or interior loadbearing walls, the floors and ceilings surrounding each apartment or any pipes, wires, conduits or other utility or service lines running through such apartment, which are utilized for or serve any other apartment, the same being deemed common elements as hereinafter provided. Each apartment shall be deemed to include all the walls and partitions which are not load-bearing within its perimeter walls, the inner decorated or finished surfaces of all walls, floors and ceilings, and all fixtures originally installed therein.

The proposed Declaration reserves the right to the fee simple landowner and the developer to amend the Declaration at any time prior to December 31, 1977 without the consent of any apartment owner or the Association of Apartment Owners or any other person holding an interest in any apartment of the project for the purpose of merging Phase II with Phase I of the project, thereby causing as of the effective date of such amendment all apartments in Phases I and II to constitute a part of the project and all owners of apartments in Phases I and II of the project to constitute one association of apartment owners, provided, however, that the Declaration may not be so amended and Phase II may not be so merged without prior written approval by the Department of Housing and Urban Development Secretary.

COMMON ELEMENTS: The Declaration of Horizontal Property Regime, a copy of which is filed with the Commission, states that the common elements shall include (a) the land; (b) Apartment No. 73, located in Building 92-952 for the use of the resident manager; (c) Parking Stalls Nos. 163 and 164 for the use of the resident manager; (d) The recreation center and tot lots as shown on the Condominium Map; (e) All foundations, floor supports, retaining walls, fences, columns, supporters, unfinished perimeter walls and loadbearing walls, roofs of the residential buildings; (f) All yards, grounds and driveways, the swimming pool and other recreational facilities, and all refuse facilities; (g) All ducts, electrical equipment, wiring, pipes and other central and appurtenant transmission facilities and installations over, under and across the project which serve more than one apartment for services such as power, light, water, sewer, telephone and radio and television signal distribution; (h) Any and all other apparatus and installations of common use and all other parts of the property necessary or convenient to its existence, maintenance and safety, or normally in common use.

LIMITED COMMON ELEMENTS: The Declaration provides that certain parts of the common elements, called and designated as limited common elements, shall be for the exclusive use and enjoyment of certain apartments, as follows: (a) The fenced, open-air courtyard adjoining the front entry of each apartment, and the front entry to such courtyard, as shown on the Condominium Map, shall be appurtenant to and for the exclusive use of such apartment; (b) The partially fenced yard area adjoining the rear of each Type 2BF, 3BF and 4BF apartment, as shown on the Condominium Map, shall be appurtenant to and for the exclusive use of such apartment; (c) One or more of the 182 remaining parking spaces (exclusive of the 2 parking spaces listed as common elements) shall be assigned to and be appurtenant to the respective apartments with which the same are conveyed upon the initial conveyance by lease, the assignment of the parking

spaces for each apartment and for the guests of the Association of Apartment Owners being as set forth in the Declaration; (d) All other common elements of the project which are rationally related to less than all of said apartments or buildings shall be limited to use of such apartments or buildings.

NOTE: Certain apartments will have assigned to it at least one compact parking stall.

EASEMENTS: The Declaration provides that the apartments and common elements shall have and be subject to the following easements: (a) Each apartment shall have appurtenant thereto nonexclusive easements in the common elements designed for such purposes for ingress to, egress from, utility services for and support of such apartment; in the other common elements for use according to their respective purposes, subject always to the exclusive or limited use of the limited common elements as herein provided and in all other apartments of its building for support; (b) The exception and reservation unto the Trustees, their successors and assigns, of easements for electrical, gas, communications and other utility purposes and for sewer, drainage and water facilities over, under, along, across and through said land, together with the right to grant to the State of Hawaii, City and County of Honolulu, Board of Water Supply of the City and County of Honolulu or any other appropriate governmental agency or public utility, or to any other corporation or association, easements for such purposes over, under, across, along and through said land under the usual terms and conditions required by the grantee for such easement rights, provided, however, that such easement rights must be exercised in such manner as to not unreasonably interfere with the use of said land by the Apartment Owners, their maintenance or repair of any facilities pursuant to any of said easements said land shall be promptly restored by and at the expense of the person owning and exercising such easement rights to the condition of said land immediately prior to the exercise thereof, and each Apartment Owner, by purchasing an apartment in this project, agrees that such Apartment Owner and any person claiming an interest in said land by, through or under such Apartment Owner will, upon request, join in and execute any and all documents designating and granting any such easements. (c) If any part of the common elements encroaches upon any apartment or limited common element, a valid easement for such encroachment and the maintenance thereof, so long as it continues, shall and does exist. In the event any buildings of the project shall be partially or totally destroyed and then rebuilt, minor encroachments of any parts of the common elements due to construction shall be permitted, and valid easements for such encroachments and the maintenance thereof shall exist. (d) The Association of Apartment Owners of the project shall have the right, to be exercised by its Board of Directors or Managing Agent, to enter any apartments and limited common elements from time to time during reasonable hours as may be necessary for the operation of the project or for making emergency repairs therein required to prevent damage to any apartments or common elements or for the installation, repair or replacement of any common elements. (e) The Trustees and Developer reserve to themselves, their successors and assigns, until December 31, 1977 or until such time as all of the improvements for Phases I and II described herein have been completed in accordance with the plans therefor, whichever shall first occur, the following rights:

(i) An easement over, under and across the common elements of the project, both general and limited, for the purpose of all work connected with or incidental to the development, construction and sale of the project or any part thereof or any apartment or interest therein.

(ii) The right, appurtenant to the undeveloped portions of the land, in the nature of an easement over and upon any other portion of the land, to create and cause dust, noise, vibration and other nuisances created by and resulting from any work connected with or incidental to the development, construction and sale of the project or any part thereof or any apartment therein in said undeveloped portions of said land.

INTEREST TO BE CONVEYED TO PURCHASER: The undivided interest in the common elements appertaining to each of the five types of apartments and their owners for all purposes, including voting, is as follows:

APARTMENT	TYPE	PER CENT INTEREST
2, 3, 9, 10, 19, 20, 52, 53, 74	2BF	.8428
4, 5, 7, 8, 17, 18, 50, 51, 56, 57, 58, 59, 75, 76, 85, 84, 86, 87	3BF	1.0862
13, 14, 15, 16, 23, 24, 25, 26, 29, 30, 31, 32, 34, 35, 36, 37, 39, 40, 41, 42, 45, 46, 47, 48, 61, 62, 63, 64, 67, 68, 69, 70, 78, 79, 80, 81, 89, 90, 91, 92	3BS	1.0626
1, 6, 11, 21, 54, 55, 72, 83	4BF	1.2769
12, 22, 27, 28, 33, 38, 43, 44, 49, 60, 65, 66, 71, 77, 82, 88	4BS	1.2590

COMMON EXPENSES: The Declaration provides that all charges costs and expenses whatsoever incurred by the Association for or in connection with the administration of the project, including without limitation the operation thereof, any maintenance, repair, replacement and restoration of the common elements and any additions and alterations thereto, any labor, services, materials, supplies and equipment therefor, any liability whatsoever for loss or damage arising out of or in connection with the common elements or any accident, fire or nuisance thereon, and any premiums for hazard and liability insurance herein required with respect to the project shall constitute common expenses of the project for which all apartment owners shall be severally liable in proportion to their respective common interests. Rent and real property taxes and special assessments referred to in Section 514-23, Hawaii Revised Statutes as amended, shall not be common expenses of the horizontal property regime hereby created and no payments thereof shall be payments

of such common expenses. The Board of Directors of the Association (herein called the "Board") shall from time to time assess the common expenses against all the apartments in their respective proportionate shares, and the unpaid amount of such assessments against any apartment shall constitute a lien against such apartment which may be foreclosed by the Board or Managing Agent as provided by said Horizontal Property Act, provided that 30 days prior written notice of intention to foreclose shall be mailed, postage prepaid, to the Trustees and all other persons having any interest in such apartment as shown in the Association's record of ownership. Notwithstanding anything to the contrary, however, until the completion and merger of Phases II and I of the project, each apartment owner in each phase of the project shall be severally liable for common expenses attributable to such phase in the proportion that the common interest appurtenant to such apartment bears to the total of common interest appurtenant to all apartments in such phase as determined by the Managing Agent in accordance with Para. C of the Declaration; provided, however, that such common expenses attributable to any undeveloped phase of the project or any phase in the process of being developed, to the extent that any apartments in such phase have not been conveyed to a purchaser thereof, shall be borne by the Developer until the completion and merger of such phase as herein provided, and until the purchasers of apartments within such phase assume responsibility with respect thereto.

PURPOSE OF BUILDING AND RESTRICTIONS AS TO USE: The Declaration provides that the building shall at all times be used as private dwellings by the respective owners thereof, their tenants, families, domestic servants and social guests, and for no other purpose. Notwithstanding anything to the contrary, however, developer reserves the right unto itself, its successors and assigns, until December 31, 1977 or until such time as the total condominium project is developed in accordance with said Condominium Map and all apartments therein have been sold, whichever shall first occur, to erect signs in the project and to use apartments as sales offices and as models for display to the public pursuant to the sales of apartments in this project and other projects of developer. The apartments shall not be rented for transient or hotel purposes, which are defined as rental for any period less than 30 days, or any rental in which the occupants are provided customary hotel services such as room service for food and beverage, maid service, laundry, and linen or bellboy service. Except for such transient or hotel purposes the owners of the respective apartments shall have the absolute right to lease such apartments subject to all provisions of the Declaration.

OWNERSHIP TO TITLE: The Notice of Intention and Application, together with the attached documents show that the fee simple title to the land is vested in the Trustees under the Will and of the Estate of James Campbell, deceased, whose business and post office address is 828 Fort Street Mall, Honolulu, Hawaii.

ENCUMBRANCES AGAINST TITLE: A Lien Letter Report dated July 9, 1975, prepared by Security Title Corporation, certifies that the land is subject to the following encumbrances:

1. Tax Key: 9-2-3-Por.2
   Area Assessed: 5062.183 Acres
   Taxes for the Fiscal Year 1974-1975 are as follows:

1st Installment	$53,698.32	PAID
2nd Installment	$53,698.31	PAID

Tax Key for the Fiscal Year 1975-1976 will be:
9-2-03-Por.2

2. Development Rights dated May 5, 1966, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 391241, made by and between ALAN S. DAVIS, M. L. RANDOLPH and GEORGE M. COLLINS, Trustees under the Will and of the Estate of James Campbell, deceased, and FINANCE REALTY CO., LTD., a Hawaii corporation, to which reference is hereby made.

Said Development Rights are subject to the following:

a) Mortgage dated July 13, 1972, filed in said Office of the Assistant Registrar as Document No. 589482, made by FINANCE REALTY CO., LTD., a Hawaii corporation, as Mortgagor, to BANK OF HAWAII, a Hawaii corporation, as Mortgagee, to secure the repayment of the sum of $4,700,000.00, any additional advances and other amounts secured thereby, all according to the terms of that certain promissory note of said mortgagor therein referred to. (also affects other property) Consent thereto filed as Document No. 589483.

b) Additional Charge Mortgage dated November 14, 1974, filed in said Office of the Assistant Registrar as Document No. 703186, made by FINANCE REALTY CO., LTD., a Hawaii corporation, as Mortgagor, to BANK OF HAWAII, a Hawaii corporation, as Mortgagee, to secure the repayment of the additional loan of $4,300,000.00, together with interest thereon in accordance with the terms of the promissory note therein referred to. Consent thereto filed as Document No. 703187. This is an additional charge mortgage to the foregoing mortgage.

3. Easement 325, as shown on Map 135, as set forth by Land Court Order No. 20338, filed August 9, 1962.

4. Designation of Easement 789 for access and utility purpose as shown on Map 259, as set forth by Land Court Order No. 41641, filed March 21, 1975.

5. Designation of Easements 790 (24 feet wide), 791 (24 feet wide), as shown on Map 259, as set forth by Land Court Order No. 41641, filed March 21, 1975.

PLANNED DEVELOPMENT-HOUSING: This project has been zoned as Planned Development-Housing (PD-H) District No. R-40A pursuant to Ordinance No. 4271 of the City and County of Honolulu approved January 23, 1974. In accordance with said Ordinance it has been necessary to incorporate all of the conditions set forth therein as part of the restrictive covenants running with the land and made a part of any sales agreement with any future owners. Therefore, Paragraph R of the Declaration, which so incorporates those restrictive covenants and which is restated in the specimen sales contract and apartment lease, provides as follows:

R. PLANNED DEVELOPMENT-HOUSING. The project has been zoned as Planned Development-Housing (PD-H) District No. R-40A pursuant to Ordinance No. 4271 of the City and County of Honolulu approved January 23, 1974. Unless and until they are repealed or otherwise superseded or amended, the provisions of Ordinance No. 4271 and the restrictive covenants therein, such restrictive covenants being listed on Exhibit G attached hereto and made a part hereof, are hereby incorporated herein by reference and shall constitute covenants running with the land which shall inure to the benefit of the City and County of Honolulu and its successors and shall be binding upon all who now or hereafter may own or occupy any interest in the project; provided, however, that if any such provision or restrictive covenant is repealed or otherwise superseded, it shall automatically cease to operate as a covenant running with the land; and provided further, however, that if any such provision or restrictive covenant is amended, it shall thereafter operate as a covenant running with the land only in its amended form.

NOTE: Purchasers should read the Declaration of Covenants, Conditions and Restrictions.

PURCHASE MONEY HANDLING: A copy of the Escrow Agreement dated July 18, 1975, by and between Bank of Hawaii, a Hawaii corporation, as Escrow, and Finance Realty Company, Limited, a Hawaii corporation, as Seller, has been submitted to the Commission as part of this registration. On examination the Escrow Agreement and Subscription and Sale Agreement are found to be in compliance with Chapter 514, Hawaii Revised Statutes. The provisions of the Subscription and Sale Agreement should be carefully read by the purchasers. The specimen document filed as a part of the registration recites the conditions under which the purchaser acknowledges receipt of the Public Report.

The Specimen Subscription and Sale Agreement provides that if less than 80% of the apartments in the project are sold to Purchasers thereof approved by HUD prior to March 31, 1976, Seller at its option may cancel the Subscription and Sale Agreement upon written notice to the purchaser, and upon cancellation Developer shall direct Escrow Agent to refund to the purchaser all sums paid by the purchaser, and both Developer and the purchaser shall be released from all further liability under the Subscription and Sale Agreement.

It is incumbent upon the purchaser that he read with care the Subscription and Sale Agreement and Escrow Agreement. The Escrow Agreement establishes how the proceeds from the sale of the apartments and all sums of any source are placed in trust as well as the retention, disbursement and refund of said trust fund.

MANAGEMENT AND OPERATION: The Declaration of Horizontal Property Regime provides that the operation of the project shall be conducted for the Association of Apartment Owners by a responsible corporate Managing Agent. The initial Managing Agent shall be Mahalo Nui Management, Inc., 195 South King Street, Honolulu, Hawaii.

STATUS OF THE PROJECT: The Developer reports that construction of the project has commenced and that completion is scheduled for October, 1975.

The purchaser or prospective purchaser shall be cognizant of the fact that ths published report represents information disclosed by the Developer in the required Notice of Intention submitted August 1, 1975, and information subsequently filed as of August 20, 1975.

This PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 800 filed with the Commission on August 1, 1975.

The report, when reproduced, shall be a true copy of the Commission's public report. The paper stock must be yellow in color.

for DOUGLAS R. SODETANI, Chairman
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:
Department of Taxation
Bureau of Conveyances
Planning Department, City and County of Honolulu
Federal Housing Administration
Escrow Agent

REGISTRATION NO. 800

August 25, 1975