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
WINDWARD HARBOUR
1030 Aoloa Place
Kailua, Oahu, Hawaii

REGISTRATION NO. 1063

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: January 16, 1979

Expires: February 16, 1980

SPECIAL ATTENTION

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

THIS REPORT REFLECTS INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION SUBMITTED DECEMBER 1, 1978 AND INFORMATION FILED AS OF JANUARY 12, 1979. THE DEVELOPER, BY NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY ACT, CHAPTER 514A, HAWAII REVISED STATUTES.

1. The WINDWARD HARBOUR is a proposed leasehold condominium project consisting of ninety-five (95) residential apartment units plus one resident manager's apartment in twelve (12) four-story buildings without basements, a total of one hundred eighty-eight (188) parking stalls on grade and in a two-level ramping garage, and recreational areas including Tennis Club facilities.

2. The Developer has submitted to the Commission for examination all documents necessary for the issuance of this Preliminary Public Report.

3. No advertising or promotional matter has been submitted to the Real Estate Commission of the State of Hawaii.

4. The basic documents (Declaration of Horizontal Property Regime, By-Laws of Association of Apartment Owners and a copy of the proposed Condominium Map) have not been recorded as of this date in the office of the recording officer.

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

6. This Preliminary Public Report automatically expires thirteen (13) months after the date of issuance, January 16, 1979, unless a Final or Supplementary Public Report is issued, or the Commission, upon review of the registration, issues an order extending the effective period of this report.

7. This Preliminary Public Report is made a part of the registration on the "WINDWARD HARBOUR" condominium project. The Developer is responsible for placing a true copy of this Preliminary Public Report (yellow paper stock) in the hands of all purchasers and prospective purchasers and for securing a signed copy of the Receipt for Horizontal Property Regime Preliminary Public Report from such persons.

NAME OF PROJECT: WINDWARD HARBOUR.

LOCATION: The land submitted to the Regime, approximately 160,673 square feet, is located within the master planned, Kailua Gardens Community at 1030 Aoloa Place, Kailua, Oahu, Hawaii 96734.

TAX MAP KEY: FIRST DIVISION 4-2-01:49.

ZONING: A-3.

DEVELOPER: RAINALTER HOLDINGS LIMITED, a Hawaii corporation, whose principal place of business and post office address is Suite 506, 1000 Bishop Street, Honolulu, Hawaii. Telephone 533-6002. The officers are U. J. Rainalter, Jr., President; Verena B. Rainalter, Vice President/Treasurer; Alan I. Yoshimoto, Vice President-Project-Administration; R. P. Clark, Vice President-Operations; and J. Thomas Van Winkle, Secretary.

ATTORNEY FOR DEVELOPER: Carlsmith, Carlsmith, Wichman and Case, 190 South King Street, Honolulu, Hawaii 96813 (Attention: Ray Iwamoto), Telephone 523-2500.

DESCRIPTION: The proposed Declaration provides that the land will be improved, according to the Developer's plans and intention to sell, with the construction of twelve, interconnected apartment buildings containing ninety-five (95) residential apartments plus one resident manager's apartment, recreational areas (including Tennis Club facilities) and a total of one hundred eighty-eight (188) parking stalls in a two-level ramping garage. The specimen Sales Contract states that the Developer intends to sell the apartments therein to third persons, causing the Estate and the Master Lessee, as Lessors (as said terms are defined in the Apartment Lease) to issue to each purchaser of a condominium unit a lease of such condominium unit and an undivided interest in the common elements of the Project.

1. Description of the Building.

(a) General Description. The Project consists of twelve (12) four-story apartment buildings and various areas and additional structures, portions of which are hereinafter designated and described as common elements, including a swimming pool and jacuzzi, a ramping parking garage and Tennis Club facilities comprising two (2) championship tennis courts and a clubhouse complete with saunas, gym equipment and shower and locker rooms. In addition to the written description of the Project in the proposed Declaration, the Project will also be depicted on the Condominium Map for the Project to be recorded in the Bureau. Each of the twelve (12) apartment buildings have four (4) levels with no basements. The levels are designated "floors" and are given numerical designations in ascending order from 1 through 4 plus "rooftop lanais" for the usable roof areas above the fourth floor.

(b) Access. Each apartment has immediate access to an adjacent private entry bridge or walkway (designated as a limited common element) which leads to an adjacent covered common walkway leading to a network of covered walkways, stairwells and three (3) elevators (each located in a different location on the site) which provide access to the other levels of all of the other buildings plus the walkways to the two levels of the parking garage and the recreation deck and the walkways and driveways connecting the building to the street entrance of the Project.

(c) Number of Apartments. The apartment buildings contain a total of ninety-five (95) residential apartments plus one Resident Manager's Apartment. The Resident Manager's Apartment No. 104B is for the use of the Resident Manager of the Project and is a common element of the Project. Each residential apartment (except the Resident Manager's apartment), constitutes an "apartment", as defined and used in Chapter 514A of the Hawaii Revised Statutes, and constitutes a separate estate. Twenty-four (24) apartments are one-bedroom, one-bath units. Seventy-one (71) apartments are three-bedroom, two-bath units.

(d) Construction Materials. The apartment buildings shall be constructed principally of post-tensioned

concrete floor slabs, reinforced concrete columns and bearing walls, post-tensioned concrete roof slabs, concrete masonry, lumber, steel, aluminum, glass and allied building materials.

2. Description of Apartments.

(a) Numerical Designation and Location of Apartments. There will be a total of eight (8) basic types of apartments, the detailed plans for which are shown on the proposed Condominium Map filed with the Commission. Each apartment within each of the foregoing types is substantially the same as all others within its type, except that the floor plans may be mirror images of other floor plans. Units "1", "2", "3" and "4" have various and different window designs depending on the location of each apartment within the Project, all as shown on the window schedule for each unit. Each apartment has been given a numerical/alphabetical designation by which the building in which it is located and its entry door location in the building can be determined. The first numeral of each apartment designation corresponds to the floor number on which it is located, the next two numerals of the designation correspond to the building number in which it is located, and the letter designation indicates whether the unit is on the left ("A") or the right ("B") side of its building as viewed from the walkway leading to the entry doors of the units. There are two (2) apartments on each of the four (4) floors of each building with the upper two bedrooms and second bathroom of the two-level third floor units located on the fourth floor along with the one level fourth floor units), except the first floor of building 04, which contains one apartment and the manager's unit.

The building on the southwest corner of the property is given a numerical designation 01. The designation then numerically increases from south to north from 01 to 03 inclusive, then from west to east from 04 to 05 inclusive, then from north to south from 06 to 08 inclusive, then east to building 09 and then from south to north from 09 to 12 inclusive.

(b) Description of Apartments. Each apartment shall be deemed to include all walls and partitions within its perimeter walls; all glass windows, louvers, doors, and panels along the perimeter; the interior half of all perimeter party walls; to the exterior surface of all perimeter non-party walls; the inner decorated or finished surfaces of the perimeter walls, floors and ceilings; any adjacent outdoor lanai shown on the Condominium Map to the exterior edges of the concrete floor slab thereof; any appurtenant rooftop lanai shown on the Condominium Map to the center lines of the lanai perimeter party parapet walls or railings and to the exterior surface of all other lanai perimeter party parapet walls or railings, provided that the waterproof surfacing of the rooftop lanais shall be a limited common element appurtenant to the apartment of which such rooftop lanai is a part; the fixtures originally installed therein including, without limitation, range with oven, vent hood, dishwasher, disposer, sinks, bathroom fixtures, and all air

space encompassed within the apartment; provided, however, those perimeter walls, interior loadbearing walls, floors and ceilings or portions thereof, located within or surrounding each apartment and all pipes, wires, conduits and other utility service lines running through such apartment which are utilized for or serve more than one apartment, shall be deemed common elements, except for the interior finished or decorated surfaces of said walls, floors and ceilings; and provided, further, that any fire sprinkler system components, and any ducts, shafts, or other enclosed spaces for common wiring, pipes or air exhaust located within any apartment shall also be deemed to be common elements.

There are twenty-two (22) Unit "1" type apartments (all on the first floor) and twenty-two (22) Unit "2" type apartments (all on the second floor), each containing a total area of approximately 1,320 square feet, more or less, including a living/dining room, kitchen, three (3) bedrooms, dressing room, two (2) bathrooms, a separate laundry room and including (within said total square footage) an outdoor lanai of approximately 120 square feet more or less.

There is one (1) Unit "1 Modified" type apartment (on the first floor) plus one manager's unit designated No. 104B as a common element, in the configuration of a Unit "1 Modified" type apartment with the second and third bedrooms converted for office use, and two (2) Unit "2 Modified" type apartments (both on the second floor), each containing a total area of approximately 1,375 square feet more or less, including a living/dining room, kitchen, three (3) bedrooms, dressing room, two (2) bathrooms, a separate laundry room and including (within said total square footage) an outdoor lanai of approximately 120 square feet more or less.

There are twenty-two (22) Unit "3" type apartments and two (2) Unit "3 Modified" type apartments (all with entrances on the third floor), with the Unit "3" type apartments each containing a total area of approximately 2,200 square feet more or less and Unit "3 Modified" type apartments each containing a total area of approximately 2,310 square feet more or less, with both types including a living room, separate dining room, kitchen, three (3) bedrooms, and two (2) bathrooms (the master bedroom and bathroom, with separate dressing room, are located on the third floor and the other two bedrooms and second bathroom are located on the fourth floor and connected to the third floor by private stairway), and including (within each of said square footages) an outdoor lanai on the third floor of approximately 95 square feet more or less for the Unit "3" type apartments and 150 square feet more or less for the Unit "3 Modified" type apartments, plus a rooftop lanai of approximately 435 square feet more or less for the Unit "3" type apartments and 490 square feet more or less for the Unit "3 Modified" type apartments, as shown on the Condominium Map, located on the roof and accessible by a stairway.

There are twenty-two (22) Unit "4" type apartments and two (2) Unit "4 Modified" type apartments (all on the

fourth floor) with the Unit "4" type apartments each containing a total area of approximately 1,305 square feet more or less and the Unit "4 Modified" type apartments each containing a total area of approximately 1,360 square feet more or less, including a living/dining room, kitchen, one (1) bedroom, dressing room, one (1) bathroom, and a separate laundry room, and including (with said total square footage) a rooftop lanai of approximately 440 square feet more or less as shown on the Condominium Map, located on the roof and accessible by a stairway.

The total square footage areas for the respective unit types are computed from and to the center lines of the apartment perimeter party walls and the exterior surface of all other apartment perimeter walls, plus, as applicable, the respective outdoor lanai square footage areas which are computed from the adjacent exterior wall or glass line of the apartment to the edges of the lanai floor slabs, plus, as applicable, the respective rooftop lanai square footage areas which are computed from and to the center lines of the lanai perimeter party parapet walls or railings and to the exterior surface of all other lanai perimeter party parapet walls or railings, and include the areas of all common elements located within the apartments.

COMMON ELEMENTS: The common elements shall include the common elements described above in paragraph 2(b) of the topical heading "DESCRIPTION", the limited common elements set forth below, and all other portions of the Project other than the apartments, including specifically, but not limited to:

(a) Said land in fee simple.

(b) All foundations, floor slabs, columns, girders, beams, supports, unfinished portions of perimeter walls and interior load-bearing walls and roofs of the residential buildings.

(c) All yards, grounds and landscaping and all refuse facilities, if any, whether within or appurtenant to the Project.

(d) All roads, parking areas, driveways and walkways other than those designated as limited common elements, including but not limited to a two-level ramping garage, and 188 parking stalls located in said garage (including 20 stalls marked "Guest" on the condominium map).

(e) All ducts, electrical equipment, wiring, pipes and other central and appurtenant transmission facilities over, under and across the Project which serve more than one apartment for services such as power, light, water, gas, sewer, telephone and radio and television signal distribution.

(f) The entry lobby, trash rooms and mechanical room.

(g) The private park comprised of the islands in the lake.

(h) The recreation building.

(i) The resident manager's Apartment No. 104B, including office areas and parking stalls 1-17A and 1-17B.

(j) The Tennis Club manager's office.

(k) The employees' bath and locker room.

(l) The tennis courts.

(m) The swimming pool and jacuzzi.

(n) The men's bath, locker and sauna.

(o) The women's bath, locker and sauna.

(p) The fire sprinkler system, if any, including portions thereof that may be installed within the various apartments.

(q) The waterways including the streams, lakes and fountains.

(r) 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: Certain parts of the common elements, herein called and designated as "limited common elements", are set aside and reserved for the exclusive use of certain apartments as described below. The costs and expenses of every description pertaining to the limited common elements, including but not limited to the costs of maintenance, repair, replacement, improvement or additions to the limited common elements shall be charged to all apartment owners as a common expense in the following equitable manner: in proportion to the common interests appurtenant to their respective apartments, except as otherwise provided in this paragraph.

(a) Each apartment shall have appurtenant to it as a limited common element at least one (1) parking stall. Each parking stall shall be designated on the Condominium Map with both its stall number and the number of the apartment to which it shall be appurtenant as shown on the Exhibit attached hereto. The Developer reserves the right to initially assign, in each case with the written consent of the Fee Owner and Lessee, any parking stalls to any apartments by amendment of the Declaration and Condominium Map; provided that until so assigned all unassigned parking stalls shall not be limited common elements but shall remain common elements; and provided further that said right of assignment shall not apply to those stalls marked on the Condominium Map as "guest" stalls, all of which shall remain common

elements, rather than limited common elements. After their initial assignment, stalls may be reassigned from time to time by amendment to the Declaration and the Condominium Map.

(b) Each apartment shall have appurtenant to it as a limited common element one (1) storage locker. Each storage locker shall be designated on the Condominium Map by a number corresponding to the number of the apartment to which it shall be appurtenant. The assignment of storage lockers may be changed from time to time by amendment to the Declaration. The cost of routine cleaning and maintenance of the inside of any storage locker appurtenant to an apartment and the cost of repairing any damage to said storage locker caused by the owner or occupant of said apartment or their permittees shall be borne by the owner of said apartment; but the cost of any other repairs to said storage locker or the area in which it is located shall be borne by all apartment owners as a common expense.

(c) Each entry bridge or walkway servicing only apartments located within a single building shall be a limited common element appurtenant to the apartments served thereby.

(d) Each stairway leading from the fourth floor slab to the two adjacent rooftop lanais shall be a limited common element appurtenant to the Unit "3" and Unit "4" or Unit "3 Modified" and Unit "4 Modified", apartment types to which it is adjacent.

(e) The waterproof membrane on the surface of each rooftop lanai shall be a limited common element appurtenant to the apartment of which the rooftop lanai is a part, provided that if the said membrance requires inspection or repair, as determined by the Board of Directors, the owner of the apartment to which it is appurtenant shall be responsible for the cost of removing any flooring material, whatever in existence above said membrance and for reinstating such flooring material or any replacement material and provided further that the Association and its agents and contractors shall not be responsible for any damage sustained to such flooring material as a result of such inspection or repair.

INTEREST TO BE CONVEYED TO PURCHASER: The undivided percentage ownership in the common elements (the "Common Interest") appertaining to each apartment and its owner for all purposes including voting shall be as follows:

Unit "1" Type Apartments	Unit "1 Modified" Type Apartments
101-A, 101-B, 102-A, 102-B, 103-A, 103-B, 104-A, 105-B, 106-A, 106-B, 107-A, 107-B, 108-A, 108-B, 109-A, 109-B, 110-A, 110-B, 111-A, 111-B, 112-A, 112-B	105-A

Unit "2" Type Apartments	Unit "2 Modified" Type Apartments
201-A, 201-B, 202-A, 202-B, 203-A, 203-B, 204-A, 205-B, 206-A, 206-B, 207-A, 207-B, 208-A, 208-B, 209-A, 209-B, 210-A, 210-B, 211-A, 211-B, 212-A, 212-B	204-B, 205-A

Each of the foregoing apartments shall have a common interest of 1.052632%.

Unit "3" Type Apartments	Unit "3 Modified" Type Apartments
301-A, 301-B, 302-A, 302-B, 303-A, 303-B, 304-A, 305-B, 306-A, 306-B, 307-A, 307-B, 308-A, 308-B, 309-A, 309-B, 310-A, 310-B, 311-A, 311-B, 312-A, 312-B	304-B, 305-A

Each of the foregoing apartments shall have a common interest of 1.294737%.

Unit "4" Type Apartments	Unit "4 Modified" Type Apartments
401-A, 401-B, 402-A, 402-B, 403-A, 403-B, 404-A, 405-B, 406-A, 406-B, 407-A, 407-B, 408-A, 408-B, 409-A, 409-B, 410-A, 410-B, 411-A, 411-B, 412-A, 412-B	404-B, 405-A

Each of the foregoing apartments shall have a common interest of .810525% except for Apartment Nos. 401-B, 403-A, 404-B, 405-A, 406-B, 408-A, 409-B, and 412-A which shall each have a common interest of .810526%.

Each apartment and its appurtenant common interest shall be leased to each purchaser by an Apartment Lease.

USE: The proposed Declaration provides that (i) the residential apartments shall be occupied and used for residential apartment purposes only. The owners of apartments have the right to lease or rent their apartments to third parties, subject to all of the provisions of the Declaration and By-Laws and in particular Sections 3 and 8 of Article V of the By-Laws which should be reviewed by the Purchaser.

OWNERSHIP TO TITLE: The Preliminary Report issued November 3, 1978 and prepared by Title Guaranty of Hawaii, Inc. states that fee simple title to the land is vested in JAMES C. CASTLE, JAMES GORDON McINTOSH and HAWAIIAN TRUST COMPANY, LIMITED, as Trustees of the Trust Estate created by Articles Fifth and Eighth of the Last Will and Testament of HAROLD K. L. CASTLE, deceased, and IOLANI SCHOOL, a Hawaii elee-

mosynary corporation; LEWERS & COOKE, INC., a Hawaii corporation, whose principal place of business and post office address is 550 Paiaea Street and P. O. Box 9607, Honolulu, Hawaii, respectively is the holder of a Master Tract Lease covering Lot Number 5 and recorded in said Bureau in Liber 9372 at Page 81. Because of a consolidation and resubdivision of the subject land, said Master Tract Lease will be amended to cover Lot Number 5-A. The Developer and Lewers & Cooke, Inc. have executed an Option Agreement, whereby upon Developer's execution of the Option, Lewers & Cooke, Inc. will sublease Lot 5-A to the Developer by issuing a Master Tract Sublease to the Developer.

ENCUMBRANCES AGAINST TITLE: The Preliminary Report dated November 3, 1978, prepared by Title Guaranty of Hawaii, Inc. describes the following encumbrances:

1. For any taxes that may be due and owing, reference is made to the Office of the Tax Assessor, First Division.

2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.

3. Easement "1" (15 feet wide) for drainage purposes, situate within and running through and along the easterly (rear) boundary of Lot 5 as shown on File Plan No. 1283.

4. Easement "2" (10 feet wide) for drainage purposes, situate within and running through a portion of the westerly (side) area of Lot 5 as shown on File Plan No. 1283.

5. Easement "3" for drainage channel purposes, situate along a portion of the southerly (rear) boundary of Lot 5 as shown on File Plan No. 1283.

6. Easement "6" (area 99 square feet) for electrical purposes situate at the south (rear) corner of Lot 5 as shown on File Plan No. 1283.

7. A grant in favor of Hawaiian Electric Company, Inc., dated March 26, 1973 and recorded in said Bureau in Liber 9092 at Page 29, granting an easement for powerline purposes over and across Lot 5.

8. Declaration of Covenants, Conditions and Restrictions dated July 6, 1973 and recorded in said Bureau in Liber 9371 at Page 352, made by and between JAMES C. CASTLE, JAMES GORDON McINTOSH and HAWAIIAN TRUST COMPANY, LIMITED, Trustees of the Trust estates established pursuant to the Last Will and Testament, including codicils first through fifth, of HAROLD K. L. CASTLE, deceased, and IOLANI SCHOOL, a Hawaii eleemosynary corporation.

9. Terms, agreements, reservations, covenants, conditions and provisions contained in the Master Tract Lease referred to above.

10. Mortgage and Financing Statement in favor of Bank of Hawaii, a Hawaii corporation, dated December 12, 1972 and recorded in said Bureau in Liber 8802 at Page 58 as amended by Partial Release of Mortgage and Substitution of Security dated June 22, 1973 and recorded in said Bureau in Liber 9372, at Page 186.

11. Additional Charge Mortgage in favor of Bank of Hawaii, a Hawaii corporation, dated November 5, 1973 and recorded in said Bureau in Liber 9588, at Page 377.

The Developer has informed the Commission that it will place a construction mortgage on its leasehold interest. The respective liens of this mortgage and the mortgages described in items 10 and 11 above will be released and discharged of record as to each condominium apartment prior to its being leased to a purchaser.

PURCHASE MONEY HANDLING: A copy of the executed Escrow Agreement dated November 6, 1978, between Title Guaranty Escrow Services, Inc. (the "Escrow"), as Escrow Agent, and Developer, has been filed with the Commission. On examination, the specimen Sales Contract and the executed Escrow Agreement are found to be in compliance with Chapter 514A, Hawaii Revised Statutes, as amended.

The executed Escrow Agreement provides in part that if at any time (a) Escrow receives written notice from Developer to return to a purchaser under a Sales Contract the funds of such purchaser then held by Escrow under the Escrow Agreement, or (b) with respect to a purchaser whose funds were obtained prior to the issuance of the Final Report, there shall be any substantive change in the building plans of a type which gives purchaser a right to cancel his Sales Contract pursuant to Chapter 514A of the Hawaii Revised Statutes (unless purchaser's written approval of acceptance of the specific change is obtained, or ninety (90) days have elapsed since the purchaser has accepted in writing the apartment or he has first occupied the apartment) or (c) the Final Report differs in a material respect from the Preliminary Report, and the purchaser's written approval of such change has not been obtained and the purchaser shall request the refund, or (d) the Final Report is not issued within one (1) year from the date of issuance of the Preliminary Report, unless the Sales Contract is nevertheless affirmed by the purchaser, then in any such event Escrow shall return such funds to the purchaser, without interest earned unless otherwise instructed by Developer and furthermore unless Developer shall otherwise instruct Escrow, less: (1) Escrow's cancellation fee of a minimum of $25.00 per apartment, (2) any mortgagee's cancellation fee, and (3) all other costs, if any, which have been incurred in connection with the Escrow mortgage processing, closing or legal documentation. In such event, the Escrow Agreement further provides that Escrow shall hold the Sales Contract and any apartment lease previously delivered to Escrow and any mortgage documents which may have been executed shall be returned to the mortgagee, and Developer and the purchaser shall be deemed no longer bound by the terms of the Sales

Contract; provided, however, that no refund shall be made to purchaser at purchaser's request until Escrow has received written approval of such refund from Developer.

NOTE: Prospective purchasers should be aware that:

1. The Mortgage and other liens which will secure the Developer's first mortgage interim construction loan (renewals and extensions) for the construction of the Project shall be and remain at all times a superior lien on the Project, and purchasers intentionally waive and subordinate their interests under the Sales Contract in favor of the priority of all such liens.

2. It is incumbent upon the prospective purchaser that he read with care the specimen Sales Contract and the executed Escrow Agreement. The latter establishes how the proceeds from the sale of apartments are placed in trust, as well as the retention and disbursement of the proceeds of said trust fund.

3. The specimen Sales Contract provides that said agreement is only a reservation agreement until (a) the Developer sends the purchaser a confirmation letter, (b) the purchaser executes the confirmation letter and returns it to Developer and (c) the confirmation letter is executed by the Developer, whereupon it shall become a binding sales contract (subject only to any applicable provisions of the Horizontal Property Act and subject to the provisions of Section D.12 of the Sales Contract (described in the next paragraph)). Until the confirmation letter is signed by both the purchaser and the Developer, the Sales Contract may be unconditionally cancelled at any time by either the Developer or the purchaser (at which time the purchaser's deposit will be refunded in full). However, it is important for the purchaser to review Section D.33 of the Sales Contract with respect to the provisions pertaining to purchaser's application for financing. Purchaser will be responsible for any mortgagee's processing costs and cancellation fees in the event of a cancellation of the Sales Contract, except only in the limited situation described in Section D.33.

4. The prospective purchaser is advised that the Developer is selling the units in the Project pursuant to the Developer's rights under its Option Agreement with Lewers & Cooke, Inc. and upon exercise of the option granted therein, its rights under the Master Sublease to be issued by Lewers & Cooke. The Master Sublease will contain a cancellation provision whereby if the Developer fails to pay the Lessor therein a certain stipulated sum by a certain date, the Master Sublease can be cancelled at the Master Sublessor's option. This fee is to be paid from Developer's Construction Loan, which loan is, in turn, conditioned upon the Developer's achieving a specified number of sales and other customary conditions of closing. Such a cancellation of the Master Sublease would mean that all of the rights of the Developer will be terminated and all of the purchaser's rights to purchase the apartment unit will be cancelled.

Accordingly, Section D.12 of the Sales Contract provides that if the Option Agreement is terminated or if the Master Sublease is terminated for any reason, including, without limitation, a termination pursuant to the Lessor's rights to terminate as provided therein (including, without limitation, seller's failure to pay to the Lessor a certain amount of money as specified therein), then such termination shall automatically cancel and extinguish the Sales Contract and purchaser shall have no interests whatsoever in the land and shall have no right to require seller or the Lessor of the Master Sublease or anyone else to construct the condominium unit contracted for under the Sales Contract. Upon such termination, seller shall refund all sums paid by purchaser under the Sales Contract, without interest.

5. The Sales Contract provides that each purchaser who is not in default of the Sales Contract and performs all of his obligations thereunder will be paid ten percent (10%) simple annual interest on his funds in Escrow from the date when the seller calls for and the purchaser makes Payment A until the Closing Date as defined in the Sales Contract. Seller will pay such interest to the purchaser for the period, and upon pertinent conditions, all as specified in the Sales Contract.

6. Purchaser should also note that the Sales Contract and the specimen Apartment Lease place restrictions on the Apartment Owners, precluding them from entering into any rental pool or other rental-sharing arrangements with other such Apartment Owners until after the expiration of fifteen (15) years from the date of recordation of purchaser's Apartment Lease.

7. The Project is part of the master-planned Kailua Gardens Community and, as such, all Apartment Owners in the Project will be members of the Kailua Gardens Community Association, a nonprofit corporation established to own certain common properties in the community and to provide certain services to all the members. The land (including the Project's) located in this community is subject to a Declaration of Covenants, Conditions and Restrictions which has been placed on record by the Fee Owners of the land. The Kailua Gardens Community Association is governed by the By-Laws of the Kailua Gardens Community Association. The members will include condominium Apartment Owners in this Project who will be obligated to pay assessments levied by the Association (over and above the common expense assessments of the Project itself, but included in the estimated monthly maintenance fees to be paid by each apartment purchaser) which, if unpaid, shall be a continuing lien on the purchaser's interest in purchaser's apartment as provided in the Declaration of Covenants, Conditions and Restrictions.

8. As provided in Sections D.9 and D.25 of the Sales Contract, the purchaser acknowledges that minor construction activity may continue on the site after purchaser has occupied his apartment, which may result in noise, dust or other annoyances. In addition, as further provided in said Section D.25, the Developer's sales activities, including the use of model units and signs and the use of the

first floor lobby area for sales displays and related activities, may continue until the last apartment in the Project is sold.

9. The purchaser's attention is directed to paragraph P of the Declaration, Sections D.6 and D.7 of the Sales Contract and paragraph 31 of the Apartment Lease, which together reserve to the Developer a right to make certain specified changes to the Project and the Project Plans and to amendments to the Declaration that may be necessary to comply with the provisions of law (including any park ordinance), the requirements of any title insurance company, institutional mortgage lender or governmental agency, or to carry out the changes to the Project set forth in said paragraphs. The Apartment Lease also contains certain limitations on the purchaser's voting rights in connection with amending the Declaration and By-Laws, repairing or rebuilding or restoring the Project, removing the Project from the Horizontal Property Act, and prosecuting actions for partition.

10. The Developer is considering installing and equipping the Project with a solar energy system which will be utilized to supplement the central or heat exchanging hot water system and is exploring the practical aspects of leasing on behalf of the Association of Apartment Owners, such a system from certain competitive sources. The lease rentals for such a solar energy system will be a part of the common expenses of the Project, as provided in the By-Laws. The Developer is also considering purchasing the equipment on behalf of the Association, as a capital improvement, with the installment payments to be a part of the common expenses of the Project. Each purchaser acknowledges, in Section D.7 of the Sales Contract, that seller is authorized, on behalf of the Association of Apartment Owners, to enter into such a lease or other arrangement for a solar energy system.

TENNIS CLUB MEMBERSHIP: Purchasers and prospective purchasers are advised to note Sections 8, 9 and 10 of the By-Laws concerning membership interests in the project's tennis club and the appurtenant rights to use the tennis courts and clubhouse facilities. Each apartment has a membership interest in the tennis club which entitles the apartment owner to use the project's two tennis courts and the clubhouse facilities. The apartment owner may not let or rent the tennis club membership to any person who is not a tenant or other occupant of the apartment owner, but may let or rent the same to a tenant or other occupant of the apartment and others, but only as provided in Section 8 of the By-Laws. Section 9 of the By-Laws provides that the Board of Directors shall govern the operation of the tennis club and the use and maintenance of the tennis club facilities and shall have the power to adopt and amend tennis club rules. Section 10 of the By-Laws provides that the owner of each apartment shall be liable for and shall pay a share of the operating and maintenance expenses of the tennis club and the tennis club facilities as common expenses of the project.

MANAGEMENT OF THE PROJECT: The By-Laws vest in the Board of Directors (the "Board") the power and duties necessary for the administration of the overall affairs of the Project. The By-Laws submitted to the Commission permit the Developer to appoint the initial managing agent for the Project. The Developer has entered into a one-year contract (the "Management Contract") with Aaron M. Chaney, Inc. as the initial managing agent. The provisions of the Management Contract, which has been filed with the Commission, provide for earlier termination for cause. The managing agent's fee is $763.00 per month plus Hawaii state excise tax.

HOUSE RULES: Purchasers and prospective purchasers are advised to read with care the House Rules for the Project which among other things provide that:

(a) Occupancy is limited to not more than three persons per one-bedroom apartment and seven persons per three-bedroom apartment;

(b) One small dog or one cat or one pair of small birds may be kept in the apartment. Other types of animals may be kept only if the occupant obtains written permission from the Board of Directors. Occupants of any apartment containing a pet are required to register their pet with the managing agent and pay a deposit of $100.00 which will be held without interest by the Association;

(c) No water beds shall be allowed in any apartment.

STATUS OF PROJECT: The Developer advises that it is negotiating with Harvis Construction, Inc. as to contract price and contract terms for the construction of the Project. As of the date of this Preliminary Public Report, the construction contract is yet to be executed.

The purchaser or prospective purchaser should be cognizant of the fact that this published report represents information disclosed by the Developer in the required Notice of Intention submitted December 1, 1978 and information subsequently submitted as of January 10, 1979.

This PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 1063 filed with the Commission on December 1, 1978.

This Report, when reproduced, shall be a true copy of the Commission's Public Report. The paper stock used in making facsimiles must be yellow in color.

Elvin H. Uyeroma for

AH KAU YOUNG, CHAIRMAN
REAL ESTATE COMMISSION
STATE OF HAWAII

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

Registration No. 1063
January 16, 1979

EXHIBIT

Parking Stall Assignments

Apt. No.	Stall No(s).
101 A	1-32A, 1-32B
201 A	1-36A, 1-36B
301 A	1-12, 1-14
401 A	2-1
101 B	1-34A, 1-34B
201 B	1-38A, 1-38B
301 B	1-16, 1-18
401 B	2-3
102 A	1-40A, 1-40B
202 A	1-44A, 1-44B
302 A	1-20, 1-22
402 A	2-5
102 B	1-42A, 1-42B
202 B	1-46A, 1-46B
302 B	1-24, 1-26
402 B	2-7
103 A	1-7A, 1-7B
203 A	1-11A, 1-11B
303 A	1-28, 1-30
403 A	2-9
103 B	1-9A, 1-9B
203 B	1-13A, 1-13B
303 B	1-8, 1-10
403 B	2-11
104 A	1-15A, 1-15B
204 A	1-19A, 1-19B
304 A	2-2, 2-4
404 A	2-13
104 B	1-17A, 1-17B
204 B	1-21A, 1-21B
304 B	2-6, 2-8
404 B	2-15
105 A	1-23A, 1-23B
205 A	1-27A, 1-27B
305 A	2-10, 2-12
405 A	1-1
105 B	1-25A, 1-25B
205 B	1-29A, 1-29B
305 B	2-14, 2-16
405 B	1-3
106 A	1-55A, 1-55B
206 A	1-59A, 1-59B
306 A	1-31A, 1-31B
406 A	1-5
106 B	1-57A, 1-57B
206 B	1-61A, 1-61B
306 B	2-41, 2-43
406 B	1-2

Apt. No.	Stall No(s).
107 A	1-47A, 1-47B
207 A	1-51A, 1-51B
307 A	2-21, 2-23
407 A	2-47
107 B	1-49A, 1-49B
207 B	1-53A, 1-53B
307 B	2-25, 2-27
407 B	2-49
108 A	1-48A, 1-48B
208 A	1-54A, 1-54B
308 A	2-22, 2-24
408 A	2-39
108 B	1-52A, 1-52B
208 B	1-56A, 1-56B
308 B	2-26, 2-28
408 B	2-45
109 A	1-58A, 1-58B
209 A	1-43A, 1-43B
309 A	2-30, 2-32
409 A	1-50
109 B	1-60A, 1-60B
209 B	1-45A, 1-45B
309 B	2-34, 2-36
409 B	2-37
110 A	1-35A, 1-35B
210 A	1-39A, 1-39B
310 A	2-29, 2-31
410 A	2-46
110 B	1-37A, 1-37B
210 B	1-41A, 1-41B
310 B	2-33, 2-35
410 B	2-48
111 A	1-62A, 1-62B
211 A	1-66A, 1-66B
311 A	2-38, 2-40
411 A	2-51
111 B	1-64A, 1-64B
211 B	1-68A, 1-68B
311 B	2-42, 2-44
411 B	2-50
112 A	1-63A, 1-63B
212 A	1-70A, 1-70B
312 A	2-17, 2-19
412 A	1-4
112 B	1-65A, 1-65B
212 B	1-33A, 1-33B
312 B	2-18, 2-20
412 B	1-6