

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer Joy International, Inc.
Address 201 Ohua Avenue, #302-I, Honolulu, Hawaii 96815
Project Name(*): 1718 ANAPUNI
Address: 1718 Anapuni Street, Honolulu, Hawaii 96822

Registration No. 1206 (Conversion)

Effective date: August 14, 2006
Expiration date: September 14, 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. A Final Public Report will be issued by the developer when complete information is filed.

FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission.
[] No prior reports have been issued.
[] This report supersedes all prior public reports
[] This report must be read together with

X SUPPLEMENTARY: (pink) This report updates information contained in the:
[] Preliminary Public Report dated:
[X] Final Public Report dated: May 23, 1980
[] Supplementary Public Report dated:

And

[X] Supersedes all prior public reports.
[] Must be read together with
[] This report reactivates the public report(s) which expired on

(*) 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 as Exhibit H 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.

Changes made are as follows:

1. The original Final Public Report for this Project was issued on May 23, 1980. This Supplementary Public Report form is totally different from the original Final Public Report form.
2. At the time the Project was originally converted to a condominium in 1980, the apartments to be conveyed were leasehold apartments. The apartments to be conveyed under this Supplementary Public Report are now in fee simple.
3. The current Restatement of Declaration and the Restatement of Bylaws have restated the original Declaration and Bylaws to conform to current statutory requirements.
4. The current zoning for the Project is A-2 apartment. The old zoning was A-4 apartment.
5. The original developer was Prime Enterprises Corp. and its attorney was Damon Key Char and Bocken. The current developer is Joy International, Inc. and its attorney is Kenneth K. P. Wong, Esq.
6. The original escrow company was Long & Melone Escrow, Ltd. The current escrow company is Title Guaranty Escrow Services, Inc.
7. There is now no blanket mortgage lien on the Project.
8. The specimen Sales Contract is totally different from that submitted with the original Final Public Report, in part, because leasehold apartments were originally being sold while fee simple apartments are now being sold.
9. The boundaries of the apartment have been revised so that the lanai is not part of the apartment but instead a limited common element of the apartment. In addition, a net living area of the apartments and a net area of the lanais have been calculated and set forth in the Restated Declaration and on page 11a of this Supplementary Public Report. The original Final Public Report did not require net living areas of the apartments to be stated, only gross areas. As a result, because of the manner in which gross areas and net areas are measured, the combined net living area of the apartment and the net area of the lanai set forth in the Restated Declaration and this Supplementary Report is less than the gross areas of the respective apartments set forth in the original Final Public Report.

SPECIAL ATTENTION SHOULD BE GIVEN TO THE ADDITIONAL INFORMATION (PAGES 20-20d) AND THE SUMMARY OF RIGHTS RESERVED TO THE DEVELOPER (EXHIBIT "A")

“PLEASE SEE PAGE 2a”

SPECIAL ATTENTION

This is a CONDOMINIUM PROJECT, not a subdivision. The land areas beneath and immediately appurtenant to each apartment is designated as a LIMITED COMMON ELEMENT appurtenant to the respective apartment and do not represent legally subdivided lots. The walls, fences and dashed lines shown on the condominium map bounding the designated number of square feet in each limited common element land area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.

This public report does not constitute approval of the Project by the Real Estate Commission, or any other governmental agency, nor does it ensure that all applicable County codes, ordinances and subdivision requirements have necessarily been complied with.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.

LAPSE NOTICE

Registration No. 1206 lapsed on June 24, 1986, over 20 years ago. Until June 29, 2006, the developer has neither requested any registration extensions nor provided the REC with any additional information. However, by now requesting that an effective date for a Supplementary Public Report be issued by the REC, the current developer proposes to reactivate its registration and represents that the contents of this public report contains a complete disclosure of all material facts up to the effective date. Because of the long period of time that has elapsed since the last report's extension, the REC urges that all prospective buyers read this report, including pgs. 20-20d, with care and conduct their own investigations of the property before entering into binding Sales Contracts.

TABLE OF CONTENTS

	Page
Preparation of this Report	1
Expiration Date of Reports	1
Type of Report	1
Disclosure Abstract	2
Summary of Changes from Earlier Public Reports	2
Table of Contents	3
General Information on Condominiums	4
Operation of the Condominium Project	4
I. PERSONS CONNECTED WITH THE PROJECT	5
Developer	
Attorney for Developer	
General Contractor	
Real Estate Broker	
Escrow Company	
Condominium Managing Agent	
II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS	
A. Declaration	6
B. Condominium Map (File Plan)	6
C. Bylaws	6
D. House Rules	7
E. Changes to Condominium Documents	7
III. THE CONDOMINIUM PROJECT	
A. Interest to be Conveyed to Buyer	8
B. Underlying Land	9
C. Buildings and Other Improvements	10
D. Common Elements, Limited Common Elements, Common Interest	13
E. Encumbrances Against Title	14
F. Construction Warranties	15
G. Status of Construction	16
H. Project Phases	16
IV. CONDOMINIUM MANAGEMENT	
A. Management of the Common Elements	17
B. Estimate of Initial Maintenance Fees	17
C. Utility Charges for Apartments	17
V. MISCELLANEOUS	
A. Sales Documents Filed with the Real Estate Commission	18
B. Buyer's Right to Cancel Sales Contract	18
C. Additional Information Not Covered Above	20
D. Signature of Developer	21
EXHIBIT A: Developer's Reserved Rights	
EXHIBIT B: Permitted Alterations to Apartments	
EXHIBIT C: Common Elements	
EXHIBIT D: Limited Common Elements	
EXHIBIT E: Encumbrances Against Title	
EXHIBIT F: Summary of Provisions of Sales Contract	
EXHIBIT G: Summary of Material Provisions of Escrow Agreement	
EXHIBIT H: Disclosure Abstract and Estimated Maintenance Fees and Disbursements attached as Exhibit "1"	
EXHIBIT I: Introduction to Reserve Study	

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 owner/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 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: Joy International, Inc. Phone: (808) 721-2201
Name* (Business)
201 Ohua Avenue., #302-1
Business Address
Honolulu, Hawaii 96815

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):

Sadako Yasunaga, President; Tsuneyuki Yasunaga, Vice President; Kenji Iwasa, Secretary

Real Estate Broker*: Map Vision, Inc. Phone: (808) 721-2201
Name (Business)
201 Ohua Ave., # 302-I
Business Address
Honolulu, Hawaii 96815

Escrow: Title Guaranty Escrow Services, Inc. Phone: (808) 521-0211
Name (Business)
235 Queen Street
Business Address
Honolulu, Hawaii 96813

General Contractor*: N/A Phone: N/A
Name (Business)
Business Address

Condominium Managing Agent*: Hawaiiana Management Company, Ltd. Phone: (808) 593-6896
Name (Business)
711 Kapiolani Bolulevard, Suite # 700
Business Address
Honolulu, Hawaii 96813

Attorney for Developer: Kenneth K.P. Wong, Esq. Phone: (808) 536-3870
Name (Business)
841 Bishop St, Suite 1090
Business Address
Honolulu, Hawaii 96813

* 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 _____ Page _____
 Filed - Land Court Document Number 989272

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]: Amendment No. 1 and Restatement of Declaration of Condominium Property Regime of 1718 Anapuni dated June 20, 2006 and filed as Land Court Document No. 3444033.

- 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 Condominium Map No. _____
 Filed - Land Court Condominium Map No. 402

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]:

- 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. _____
Book _____ Page _____
 Filed - Land Court Document Number 989272

The Bylaws referred to above have been amended by the following instruments [state name of document, date and recording/filing information]: Amendment No. 1 and Restatement of Bylaws of the Association of Apartment Owners of 1718 Anapuni dated June 20, 2006 and filed in the Land Court as Document No. 3444034.

- 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:

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

* 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 attached Exhibit "A"

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

- Fee Simple: Individual apartments and the common elements, which includes the underlying land, will be in fee simple.
- Leasehold or Sub-leasehold: Individual apartments and the common elements, which includes the underlying land will be leasehold.

Leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (apartment owner/tenant) deliver to the lessor (fee property owner) possession of the leased premises and all improvements, including improvements paid for by the lessee.

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: _____ Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per Month Year

For Sub-leaseholds:

- Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is:
 Canceled Foreclosed

As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

- Individual Apartments in Fee Simple; Common Interest in the Underlying Land in Leasehold or Sub-leasehold:

Leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners/tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements at the lessee's expense; or (2) convey the building(s) and improvements to the lessor, often at a specified price.

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: _____ Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per: Month Year

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: 1718 Anapuni Street
Honolulu, Hawaii 96822

Tax Map Key (TMK): (1)-2-4-23-57

Address TMK is expected to change because _____

Land Area: 7.742 square feet acre(s) Zoning: A-2

Fee Owner: Joy International, Inc.
 Name
201 Ohua Avenue, #302-I
 Address
Honolulu, Hawaii 96815

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

2. Number of Buildings: One Floors Per Building: Seven Stories plus a basement
 Exhibit _____ contains further explanations.

3. Principal Construction Material:

- Concrete Hollow Tile Wood
 Other Cement, Plaster, Gypsum Board, Metal and Glass

4. Uses Permitted by Zoning:

	No. of Apts.	<u>Use Permitted By Zoning</u>	
<input checked="" type="checkbox"/> Residential	<u>28</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
* <input checked="" type="checkbox"/> Other:	_____	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?
 Yes No

The Declaration permits residential uses and any other uses permitted by the Land Use Ordinances of the City and County of Honolulu.

*Other principal uses permitted by the zoning provisions of the Land Use Ordinances include boarding facilities, consulates, day-care facilities, duplexes, meeting facilities, public uses and structures, elementary, intermediate and high schools, telecommunications antennas and utility installations, Type A.

Apartments

<u>APT. NO.</u>	<u>TYPE</u>	<u>NET LIVING APT. AREA (Sq. ft.)</u>	<u>NET LANAI AREA(Sq. ft.)</u>	<u>PARKING STALL NO.</u>	<u>COMMON INTEREST</u>
201	E	316	176	14	3.571%
202	D	324	88		3.571%
203	C	324	88		3.571%
204	B	324	88		3.571%
205	A	325	97	15	3.571%
301	E	316	176	16	3.571%
302	D	324	88	17	3.571%
303	C	324	88	18	3.571%
304	B	324	88	19	3.571%
305	A	325	97	20C	3.571%
401	E	316	176	21C	3.571%
402	D	324	88	25C	3.571%
403	C	324	88	24	3.571%
404	B	324	88	23	3.571%
405	A	325	97	22	3.571%
501	E	316	176	3	3.571%
502	D	324	88	2	3.571%
503	C	324	88	1	3.571%
504	B	324	88	4	3.571%
505	A	325	97	5	3.571%
601	E	316	176	6	3.571%
602	D	324	88	7C	3.571%
603	C	324	88	8C	3.571%
604	B	324	88	13C	3.571%
605	A	325	97	12	3.571%
701	E	316	176	9	3.575%
702	D	324	88	10	3.575%
703	F	324	88	11	3.575%
					100.00%

NOTE: All apartments are Studios with one bath

7. Parking Stalls:

Total Parking Stalls: 25

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
*Assigned (for each unit)	<u>19</u>	<u> </u>	<u>6</u>	<u> </u>	<u> </u>	<u> </u>	<u>25</u>
Guest	<u> </u>						
Unassigned	<u> </u>						
Extra for Purchase	<u> </u>						
Other: <u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Covered & Open:	<u>19</u>	<u> </u>	<u>6</u>	<u> </u>	<u>0</u>	<u> </u>	<u>25</u>

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.

*Apartments 202, 203, and 204 will not have any parking stalls.

Commercial parking garage permitted in condominium project.

Exhibit ** contains additional information on parking stalls for this condominium project.

**See page 11a for parking stall assignments.

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: Trash Area, Planting Area

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)

* No studies or inspection of individual apartments or the Project were done to determine if there are violations. Apartments are sold as is.

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):

Not applicable because the Project was converted into a condominium in 1979. The building was constructed in 1973 by a prior developer that has no affiliation with the current developer. Purchasers are directed to Exhibit I which is the Reserve Study for the Project which addresses the anticipated useful life of the components of the Project and the expected costs to replace the same in the future. The Developer makes no representation or warranty whatsoever regarding the accuracy of the Reserve Study.

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>Yes</u>	<u> </u>	<u> </u>
*Structures	<u> </u>	<u>X</u>	<u> </u>
*Lot	<u> </u>	<u>X</u>	<u> </u>

* Please see disclosures on Item 10 on page 20c regarding non-conforming structures and Lot.

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 "C".

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 "D".

as follows:

Note: Reference in said Exhibit "D" to "Exclusive Use Area" does not mean legally subdivided Lots.

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 _____.

as follows:

Each Apartment has a common interest of 3.571% except that Apartments 701, 702 and 703 each has a common interest of 3.575%.

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 E describes the encumbrances against the title contained in the title report dated June 26, 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.

[X] 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 Prior to Conveyance</u>
N/A	N/A

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:

Developer is not providing any warranties to Purchasers of Apartment .

2. Appliances:

Developer is not providing any warranties to Purchasers of an Apartment

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

The building was completed in 1973 and in 1980 a Final Public Report was issued by the Real Estate Commission recognizing the Project's conversion into a condominium.

H. Project Phases:

The developer has 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):

N/A

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 F contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated December 5, 2005
Exhibit G 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 after 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's agents, 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
Website to access unofficial copy of laws: www.hawaii.gov/dcca/hrs
Website to access rules: www.hawaii.gov/dcca/har

This Public Report is a part of Registration No. 1206 filed with the Real Estate Commission on November 26, 1979.

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

1. **Seller Makes No Warranties or Promises.** PURCHASER ACKNOWLEDGES THAT SELLER IS NOT THE ORIGINAL DEVELOPER OF THE PROJECT AND WAS NOT INVOLVED IN (AND IS NOT RESPONSIBLE FOR) THE ORIGINAL PLANNING OR CONSTRUCTION OF THE PROJECT. PURCHASER FURTHER ACKNOWLEDGES THAT THE PROJECT WAS SUBSTANTIALLY COMPLETED IN 1973 AND HAS BEEN USED OVER THE YEARS PRIMARILY FOR APARTMENT PURPOSES. PURCHASER UNDERSTANDS AND AGREES THAT THE APARTMENT IS BEING SOLD **“AS IS, WHERE IS” WITH ALL FAULTS** AND THAT THE SELLER DISCLAIMS AND MAKES NO WARRANTIES OR PROMISES OF ANY KIND, EXPRESS OR IMPLIED, ABOUT THE APARTMENT, THE LAND UNDERLYING THE PROJECT (THE “LAND”) OR THE PROJECT (INCLUDING THE COMMON ELEMENTS OF THE PROJECT), OR ABOUT ANY FURNISHINGS, FIXTURES, APPLIANCES OR OTHER CONSUMER PRODUCTS, MECHANICAL SYSTEMS, PLUMBING SYSTEMS, ELECTRICAL SYSTEMS, COOLING OR HEATING SYSTEMS OR ANYTHING ELSE INSTALLED, ATTACHED, AFFIXED OR OTHERWISE CONTAINED IN THE APARTMENT, THE LAND OR THE PROJECT (INCLUDING THE COMMON ELEMENTS OF THE PROJECT), INCLUDING ANY WARRANTIES OR PROMISES OF “HABITABILITY”, “MERCHANTABILITY”, “WORKMANSHIP” OR “FITNESS FOR A PARTICULAR USE OR PURPOSE”.

WITHOUT LIMITING THE GENERALITY OF ANY OF THE FOREGOING, SELLER DISCLAIMS AND MAKES NO WARRANTIES OR PROMISES: (A) THAT THE PROJECT OR ANY IMPROVEMENTS IN THE APARTMENT, THE LAND OR THE PROJECT (INCLUDING THE COMMON ELEMENTS) WILL BE FREE FROM CRACKS IN, OR OTHER DAMAGE TO, THE CONCRETE OR OTHER BUILDING MATERIALS; (B) REGARDING THE VALUE, QUALITY, GRADE OR USEFUL LIFE OF THE APARTMENT, THE PROJECT OR ANYTHING INSTALLED, ATTACHED, AFFIXED OR OTHERWISE CONTAINED IN THE APARTMENT, THE LAND OR THE PROJECT (INCLUDING THE COMMON ELEMENTS OF THE PROJECT); (C) REGARDING THE STRUCTURAL, PHYSICAL OR ENVIRONMENTAL HISTORY OR CONDITION OF THE PROJECT, INCLUDING, WITHOUT LIMITATION, ANY DEFERRED MAINTENANCE AT THE PROJECT; OR (D) REGARDING THE SUITABILITY, CONFORMANCE, COMPLIANCE OR LACK OF COMPLIANCE OF THE PROJECT WITH ANY STATE, FEDERAL, COUNTY OR LOCAL LAW, CODE, ORDINANCE, ORDER, PERMIT, ADMINISTRATIVE REQUIREMENT, OR REGULATION, INCLUDING, WITHOUT LIMITATION, THOSE RELATED TO THE CONSOLIDATION AND SUBDIVISION OF LAND, THE OPERATION AND USE OF THE PROJECT AND ACCESSIBILITY OF THE PROJECT BY PERSONS WITH DIABILITIES. IN OTHER WORDS, SELLER MAKES NO WARRANTIES OR PROMISES AT ALL.

PURCHASER FOR ITSELF AND ITS SUCCESSORS, HEIRS AND ASSIGNS, RELEASES SELLER AND ITS AFFILIATES, AND EACH OF THEM AND THEIR RESPECTIVE PAST, PRESENT AND FUTURE MEMBERS, MANAGERS, DIRECTORS, OFFICERS, SHAREHOLDERS, EMPLOYEES, PROPERTY MANAGERS, AGENTS, VENDORS, CONSULTANTS, CONTRACTORS AND EACH OF THEIR RESPECTIVE SUCCESSORS AND ASSIGNS (HEREAFTER THE “RELEASED PARTIES”) FROM (AND WAIVES ANY CLAIM, ACTION OR LIABILITY WHICH ARISES FROM OR RELATES TO) ANY LATENT OR PATENT DEFECT IN ANY PART OF THE PROJECT OR THE APARTMENT, KNOWN OR UNKNOWN, WHICH EXISTS NOW OR IN THE FUTURE, OR WHICH ARISES FROM OR RELATES TO ANY LACK OF COMPLIANCE OF THE PROJECT WITH ANY STATE, FEDERAL, COUNTY OR LOCAL LAW, CODE, ORDINANCE, ORDER, PERMIT, ADMINISTRATIVE REQUIREMENT, OR REGULATION, THAT PURCHASER MAY HAVE AGAINST SELLER UNDER ANY FEDERAL, STATE OR LOCAL LAW, ORDINANCE, RULE OR REGULATION NOW EXISTING OR HEREAFTER ENACTED OR PROMULGATED, INCLUDING, WITHOUT LIMITATION, THOSE RELATED TO ASBESTOS, ASBESTOS-CONTAINING MATERIALS, LEAD-BASED OR LEAD-CONTAINING PAINT, HAZARDOUS MATERIALS AND ENVIRONMENTAL CONDITIONS OR MATTERS (INCLUDING THE PRESENCE OF MOLD OR MILDEW) IN, ON, UNDER ABOUT OR MIGRATING FROM OR ONTO OR INTO THE PROJECT.

SELLER AND PURCHASER AGREE THAT THIS RELEASE FROM LIABILITY HAS BEEN SPECIFICALLY NEGOTIATED BETWEEN SELLER AND PURCHASER.

PURCHASER ACKNOWLEDGES AND AGREES THAT SELLER'S DISCLAIMER OF WARRANTIES AND REPRESENTATIONS CONTAINED IN THIS SECTION 1 IS AN ESSENTIAL ELEMENT IN SELLER'S DETERMINATION OF THE PURCHASE PRICE FOR THE APARTMENT BEING SOLD TO PURCHASER. THIS MEANS THAT THE APARTMENT WOULD NOT HAVE BEEN SOLD TO PURCHASER FOR THE AMOUNT OF THE PURCHASE PRICE STATED IN THE PURCHASE AGREEMENT WITHOUT SELLER'S DISCLAIMER OF WARRANTIES AND REPRESENTATIONS.

- 2. Purchaser's Inspection and Acceptance of the Apartment.** On a date specified by Seller, Purchaser (or Purchaser's agent or representative) may inspect Purchaser's Apartment. Such inspection may include evaluation and testing by licensed professionals with respect to the physical and environmental conditions in the Apartment and the Project, provided such inspection does not cause unreasonable interference with the use and enjoyment of the Project by the occupants or cause any property damage. Purchaser gives up all rights to inspect if Purchaser (or Purchaser's agent or representative) does not inspect Purchaser's Apartment on the date and at the time set by Purchaser and Seller.

An inspection sheet will be provided at the inspection on which Purchaser may list any defects or damages to the Apartment. Purchaser agrees to close the sale of the Apartment on time and accept possession of the Apartment even if there are defects or damages to the Apartment or anything in it, as long as the Apartment is rendered livable thereby. Purchaser agrees that inspection of the Project, the Land or the Apartment (including its furnishings, fixtures or appliances) is not required for closing to take place.

Purchaser shall have ten (10) days from Seller's Acceptance Date of the Purchase Agreement to perform or engage a professional consultant to inspect the common elements of the Project and the Apartments limited common elements at Purchaser's option and expense.

- 3. Broker.** Pursuant to Sections 16-99-3(g) and 16-99-11(d) Hawaii Administrative Rules ("HAR"), prospective purchasers are hereby advised that Kenji Iwasa is the owner of Map Vision, Inc., which is the real estate broker for the Project. Mr. Iwasa is also the Secretary of Joy International, Inc., the current developer of the Project. Pursuant to Section 16-99-11(c) HAR, "(n)o licensee shall be allowed to advertise 'For Sale by Owner', 'For Rent by Owner', 'For Lease by Owner', 'For Exchange by Owner'."
- 4. Hazardous Materials.** The developer neither prepared nor commissioned a Phase I 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.
- 5. 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."

6. **Pets.** Pursuant to the Restatement of Bylaws Section VI.3.k, no livestock, poultry, rabbits or other animals whatsoever shall be allowed or kept in any part of the Project, except that each apartment may have one dog or one cat, neither of which shall exceed 20 pounds when full grown or a pair of small household birds like canaries, finches or parakeets, or a small aquarium no larger than 25 gallons. The right to keep a pet in an apartment is a privilege, not a right. No animals shall be kept, bred or used therein for any commercial purposes or money generating purposes. Any pet causing a nuisance or unreasonable disturbance to any other occupant of the Project as determined by the Board in its sole discretion, shall be permanently removed there from promptly by the pet's owner or the owner of the apartment in which the pet lives, upon notice given by the Board of Directors or Managing Agent. Please see the above Bylaws Section for additional restrictions on pets. However, these restrictions on pets are subject to the provisions of all federal, state and local laws prohibiting discriminatory practices in housing against the use of service animals for disabled and impaired persons.
7. **Restrictions on Uses.** Section 8.1 of the Declaration contains restrictions as to the use of the apartments and states as follows: "The Apartments in the Project shall be occupied and used only for residential purposes. The Apartments may not be used for transient or hotel purposes, which are defined as (i) rental for any period less than thirty (30) days, or (ii) any rental in which the occupants of the apartment are provided customary hotel services such as room service for food and beverage, maid service, laundry service, linen service or bellboy service. Notwithstanding the foregoing, the Apartments in the Project or any interest therein shall not be sold, transferred, conveyed, leased, occupied, rented or used for or in connection with any time-sharing purpose or under any time-sharing plan, arrangement or program, including without limitation any so-called "vacation license", "travel club membership" or "time-interval ownership" arrangement. The term "time-sharing" as used herein shall be deemed to include, but is not limited to, any plan, program or arrangement under which the right to use, occupy, own or possess an Apartment or apartments in the Project rotates among various persons on a periodically recurring basis according to a fixed or floating interval or period of time, whether by way of deed, lease, association or club membership, license, rental or use agreement, co-tenancy agreement, partnership or otherwise. Except for such transient, hotel or time-sharing purposes, the Apartments may be leased subject to all provisions of this Declaration and the By-Laws.
8. **Seller Makes No Promises or Warranty About the Amount of Monthly Maintenance Fees.** Purchaser has examined and approved the estimate of monthly maintenance fees and assessments for the Project prepared by the Managing Agent and shown in the Public Report. Purchaser is aware that such amounts are only estimates and may change for reasons beyond the control of Seller, and Purchaser hereby specifically accepts and approves any changes in such estimate made by Seller or the Managing Agent. PURCHASER AGREES THAT SUCH ESTIMATES ARE NOT INTENDED TO BE AND DO NOT CONSTITUTE ANY WARRANTY OR PROMISE BY SELLER, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTY OR PROMISE AS TO THE ACCURACY OF SUCH ESTIMATES.
9. **Seller Makes No Promises or Warranty About Third-Party Reports.** Seller makes no warranty or representation whatsoever that Seller has provided all studies, reports, tests or other written investigations that may pertain to the condition of the Apartments and the other areas of the Building, Land or the Project. To the extent that Seller may have hired or commissioned any study, test or other investigation of the condition, useful life, legal compliance or any other matter relating to the Apartments, the Land, the Project, or any furnishings, fixtures, appliances or other consumer products or anything else installed, attached, affixed or otherwise contained in the Apartments, the Land or the Project, and to the extent Seller may make the results of any such study, test or investigation available to Purchaser in connection with the offer or sale of the Project, Seller disclaims and makes no warranty or promise regarding the accuracy, reliability or value of any statement or opinion expressed by such third-party. PURCHASER AGREES THAT PURCHASER'S USE OR CONSIDERATION OF ANY SUCH INFORMATION IN CONNECTION

WITH THE OFFER OR SALE OF THE APARTMENT SHALL BE AT PURCHASER'S SOLE RISK.

10. Seller has not performed a detailed study to determine whether any of the Apartments or the limited common elements or the common elements in the Project are non-conforming. Seller has merely done a general review of the existing Building and Lot under the Land Use Ordinance ("LUO") of the City and County of Honolulu which has resulted in the following:

a. Non-conforming Structure

i. Setback. The current LUO requires a 10-foot setback all around the property line. The right side of the Building, looking from Anapuni Street does not meet the current setback requirement.

ii. Height. The current LUO allows a 60-foot maximum height limit under the LUO. The Building exceeds this height limit.

iii. Parking. The current LUO requires 30 parking stalls. The Building only has 25 stalls.

iv. Building Area. The current LUO allows a maximum building area of 50% of the lot size. The current building area exceeds the maximum building area.

v. Density. The current LUO allows a maximum floor area of 8,516 square feet. The Project's floor area exceeds the maximum allowed by the LUO.

b. Non-conforming Lot

i. The lot is non-conforming as the current LUO requires a minimum 10,000 square feet lot in A-2 Apartment Zone districts while the actual lot size is 7,742 square feet.

11. **Condition of Project.** PURCHASERS WILL BE ACQUIRING APARTMENTS AND APPURTENANT LIMITED COMMON ELEMENTS AND UNDIVIDED INTERESTS IN THE COMMON ELEMENTS OF THE PROJECT IN "AS IS" CONDITION, WITH ALL FAULTS. PURCHASERS, AS THE OWNERS OF APARTMENTS IN THE PROJECT COMPRISING THE ASSOCIATION OF OWNERS WILL BE RESPONSIBLE FOR FUNDING THE COSTS TO REPAIR, MAINTAIN AND REPLACE ALL COMPONENTS OF THE PROJECT, THROUGH THE GENERAL OPERATING BUDGET OR BY SPECIAL ASSESSMENT MADE TO ALL OWNERS.

PURCHASERS SHOULD CAREFULLY READ THE RESERVE STUDY PREPARED BY ARMSTRONG CONSULTING, INC., THE INTRODUCTION OF WHICH IS ATTACHED AS EXHIBIT "I", AND A COMPLETE COPY OF WHICH WILL BE GIVEN TO EACH BUYER UNDER SEPARATE COVER, TO UNDERSTAND THE CONDITION OF THE PROJECT AND VARIOUS COMPONENTS THEREOF AS WELL AS THE ANTICIPATED REPLACEMENT COSTS FOR SUCH COMPONENTS BEFORE DECIDING TO PURCHASE AN APARTMENT IN THE PROJECT. PURCHASERS ARE ALSO REFERRED TO THE FOLLOWING ADDITIONAL DISCLOSURE ITEMS:

a. **General Condition Disclosure.** The Project may be subject to exterior spalling and weathering, rust, earthquake, fire, floods, erosion, dangerous underground soil conditions and similar occurrences or conditions which may alter the Project's condition or affect its suitability for any proposed use. Seller should have no responsibility or liability for or with respect to any such occurrence or conditions.

b. **Elevator Modernization.** As indicated in the Reserve Study, the elevator is original and was installed when the Project was constructed over thirty (30) years ago in 1973. Elevators are typically modernized every 30 to 35 years depending on the amount of usage and the level of

maintenance. Because the elevator is original and not new, Purchasers should anticipate that there will be significant costs incurred by the Association to repair, maintain, replace and/or upgrade the elevator system in the near future.

- c. **Exterior Painting.** As indicated in the Reserve Study, the building was last painted in 2001. The building's exterior paint is currently in fair condition and a life span of exterior painting is approximately seven (7) years. Purchasers should anticipate that there will be costs incurred by the Association to paint the exterior of the building in the near future.
- d. **Concrete Spalling.** Due to the building and prevailing climate, the building may experience spalling in certain areas. As indicated in the Reserve Study, there are visual signs of spalling in several areas of the building, particularly on the roof of the elevator shaft and on several of the stairwells. Purchasers should anticipate and be aware, as indicated in the Reserve Study, that the repairs should be performed as soon as possible to prevent further damage.

PURCHASERS SHOULD CAREFULLY REVIEW THE RESERVE STUDY AND ALL OTHER PROPERTY CONDITION INFORMATION PRIOR TO SIGNING THE PURCHASE AGREEMENT. SELLER MAKES NO REPRESENTATIONS OR WARRANTY WHATSOEVER THAT THE INFORMATION CONTAINED IN ANY STUDIES OR REPORTS PROVIDED TO PURCHASERS OR THE USEFUL LIVES AND REPLACEMENT COSTS OF THE COMPONENTS LISTED IN THE RESERVE STUDY ARE COMPLETE OR ACCURATE.

- 12. **Floor Leveling.** The floors of certain Apartment may not be exactly level. In most instances, floor coverings will render such leveling discrepancies unnoticeable. Some purchasers, may, however, notice such floor conditions notwithstanding floor coverings.
- 13. **Nuisance and Natural Occurrence Disclosures.** The following is a partial list of potential items which Apartment owners or occupants may find objectionable:
 - a. **Airflow and Wind.** Air flow in, around and through the Building, the Project, and the Apartment resulting in smoke (from tobacco or other smoking substances), barbecue odors, other cooking odors, perfumes, and other odors being transmitted to the Apartment or the Project and wind or wind-related noises or nuisances that may result therefrom.
 - b. **Building Operations.** Noises, odors, chemical odors or fumes from Building operations, including janitorial, elevator and mechanical equipment operations, and landscape maintenance, repair and replacement activity.
 - c. **Neighbors.** Neighbors, including adjacent apartment owners, their guests and invitees, whether below, above or on the side of the Apartment and their respective behaviors and idiosyncrasies, whether occurring in an apartment or the common areas of the Project.
 - d. **Adjacent Properties.** Nuisances arising from adjacent properties and their respective operational issues, such as trash pickup, deliveries, guests, tenants, clients and invitees, and any construction work they may perform from time to time.
 - e. **Pedestrians.** Nuisances arising from pedestrian traffic.
 - f. **Traffic.** Nuisances arising from traffic, including dust, sounds (alarms, engines, screeching tires, etc.), and exhaust fumes.
 - g. **Natural Occurrences.** Earthquakes, tsunamis, volcanic ash or haze, animals, insects, pestilence, drought, and other natural occurrences.
 - h. **Condominium Living.** The Building is multi-storied. As such, there are other apartments located adjacent to, above and/or below the Apartment. There is some

possibility of sound transmission, smells, smoke, and other possible nuisances between apartments.

- i. **Pets.** The Building allows pets subject to certain restrictions.

This is not a complete list of all potential objectionable matters, and Purchaser acknowledges there may be others. Purchaser releases and indemnifies Seller, its agents, consultants, contractors and employees from any and all liability or claims made by Purchaser, any successor or assigns of Purchaser, or any tenant or guest of Purchaser, arising from all such matters, whether listed above or otherwise.

EACH PURCHASER AGREES TO ACCEPT EACH CONDITION, CIRCUMSTANCE AND RISK DESCRIBED ABOVE OR IN ANY OF THE REPORTS OR INFORMATION PROVIDED BY SELLER, AND FURTHER AGREES THAT NEITHER SELLER, NOR ANY OF THE "RELEASED PARTIES" DESCRIBED IN SECTION 1 ABOVE, SHALL BE RESPONSIBLE FOR CORRECTING ANY SUCH CONDITIONS.

NOTE: EACH PURCHASER WILL BE REQUIRED TO SIGN A "PURCHASER'S DISCLOSURE ACKNOWLEDGEMENTS" ACKNOWLEDGING AND AGREEING TO ALL THE DISCLOSURES ON PAGES 20-20d. THEY SHOULD BE READ WITH CARE.

- 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.

JOY INTERNATIONAL, INC.

Printed Name of Developer

By * Sadako Yasunaga
(Duly Authorized Signatory)

6/29/06
Date

Sadako Yasunaga as President of Joy International, Inc.

Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, City and County of Honolulu
Planning Department, City and County of Honolulu

C:\Janice\Clients\Joy International Inc\Condo Docs\Supplementary Public Report, 6-23-06.DOC

***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

The Developer (Declarant) has reserved the following rights to change the Declaration, Condominium Map, By-Laws or House Rules:

1. Paragraphs 6.8 and 6.9 of the Restatement of the Declaration state:

“6.8 Until the filing in the Recording Office of the apartment deed conveying the last apartment sold in the Project, the Declarant shall have a right and easement (assignable to any person including the Association): (i) to construct, install, operate, repair, maintain, and/or relocate television satellite dishes, microwave antenna or antennae and/or other electronic and telecommunications equipment and facilities on, within or from the roof of the Project, together with the right to connect the same with or to any transmission or reception facilities or other point(s) within or outside of the Project, through any of the apartments and/or common elements of the Project, and together also with the right to transmit and receive microwave and/or other communication signals and (ii) to lease a portion of the common elements on said roof to an operator of coin operated laundry washers and dryers, for use by residents of the Apartments.

6.9 In addition to any other rights reserved in this Declaration, Declarant reserves the right without the necessity of obtaining any consent from anyone, i) to grant to any public utility or governmental authority easements for sewer, drainage, water and other utility facilities over, under, along, across and through the Land of the Project, ii) to consolidate, subdivide and dedicate to any governmental authority such Land as may be required by such governmental authority for roadway or other public purposes, all under the usual terms and conditions required by the grantee for such easement, roadway and/or public rights; provided, however, that the grantee shall not be permitted to exercise its rights in any manner that shall unreasonably damage the building of the Project or unreasonably interfere with the use of said Land by the apartment owners and their successors and assigns. Each apartment owner agrees that such apartment owner, and any person claiming an interest in said land by, through or under such apartment owner, shall, upon request, join in and execute any and all documents necessary to effect the foregoing.

”

2. Paragraph 18.3 of the Restatement of the Declaration states:

“18.3 Notwithstanding any other provision in this Declaration to the contrary, prior to (i) the time that all apartments in the Project have been sold to third parties and filed, and (ii) the filing by the Declarant of the "as built" verified statement (with plans, if applicable) required by Section 514A-12 of the Act, the Declarant shall have the right, without the approval, consent or joinder of any apartment owner or any other person, (a) to make alterations in the Project (and/or to amend this Declaration and the Condominium Map accordingly) which change the configuration of, alter the number of rooms of, decrease or increase the size of, or change the

location of any apartment (and the limited common elements appurtenant thereto) in the Project which is not sold and filed; or (b) to make other alterations in the Project (and to amend this Declaration and the Condominium Map accordingly) which make minor changes in any apartment in the Project or the common elements which do not affect the physical location, design or size of any apartment which has been sold and filed; PROVIDED, HOWEVER, that as to (a) and (b) above, any such changes shall be reflected in an amendment to the Declaration as provided in Section 20.3 of this Declaration. As used herein the term "sold and filed" shall mean and refer to the sale of apartments in the Project, and the filing in the Recording Office of apartment deeds transferring fee simple interests in the apartments from the Declarant to parties not a signatory of the this Declaration.”

3. Paragraph 20 of the Restatement of Declaration states:

“20.1 Except as otherwise provided herein or in the Act, this Declaration may be amended by the affirmative vote of the owners of apartments to which are appurtenant seventy-five percent (75%) of the common interests and shall be effective only upon the filing in the Recording Office of an instrument setting forth such amendment and vote, duly executed by such owners or by the proper officers of the Association; provided, however, that at any time prior to the filing in said Recording Office of the first apartment deed conveying a fee simple interest in an apartment and its appurtenances to a party not a signatory to this Declaration and other than to any mortgagee of the Declarant, the Declarant hereby reserves the right to amend this Declaration, the By-Laws and the Condominium Map in any manner, without the approval, consent or joinder of any purchaser of an apartment or any interest therein (including any lessee).

20.2 Notwithstanding the foregoing and until the filing in said Recording Office of apartment deeds conveying fee simple interests in all of the apartments in the Project (including all interests therein) in favor of parties not a signatory to this Declaration and other than to any mortgagee of the Declarant, the Declarant hereby reserves the right to amend this Declaration, the By-Laws and the Condominium Map, without the approval, consent or joinder of any purchaser of an apartment or any interest therein (including any lessee), and to make such amendments as may be required by law, by the Real Estate Commission of the State of Hawaii, by any title insurance company issuing a title insurance policy on the Project or any of the apartments or any interest therein, by any institutional lender lending funds on the security of the Project or any of the apartments or any interest therein, by any governmental agency of any state, territory, possession or foreign country or other foreign jurisdiction as a condition precedent to the marketing or sale of apartments or any interests therein in any such jurisdiction or to reflect actions taken pursuant to Section 6.9 above; provided, however, that no such amendment which would change the common interest appurtenant to an apartment or substantially change the design, location or size of an apartment shall be made without the consent to such amendment by all persons having an interest in such apartment.

20.3 Notwithstanding the foregoing and notwithstanding the filing of any or all apartment deeds conveying fee simple interests in any or all of the apartments or any or all interests therein to any person, the Declarant hereby reserves the right to successively amend this

Declaration (including the By-Laws and, when applicable, the Condominium Map), without the approval, consent or joinder of any purchaser of an apartment or any interest therein (including any lessee), to file the "as built" verified statement (with plans, if applicable) required by Section 514A-12 of the Act, (i) so long as such statement is merely a verified statement of a registered architect or professional engineer certifying that the final plans theretofore filed or being filed simultaneously with such amendment fully and accurately depict the layout, location, apartment numbers and dimensions of the apartments as built, or (ii) so long as any plans filed therewith involve only changes to the layout, location, apartment numbers, dimensions of, or other changes to the apartments and common elements as built which the Declarant is permitted to make in accordance with Section 18 of this Declaration.”

EXHIBIT "B"

PERMITTED ALTERATIONS TO APARTMENTS.

1. Paragraph 18.2 of the Restatement of the Declaration states:

“18.2 Notwithstanding any other provisions in this Declaration to the contrary, the owner of any apartment may make any alterations or additions within any apartment and the owner of any two or more apartments separated by a common element which is a wall or floor (including a common element which is a floor of an apartment and a ceiling of the other), may alter or remove all or portions of the intervening wall or floor, if the structural integrity of the buildings is not thereby adversely affected and if the finish of the common element then remaining is then restored to a condition substantially comparable to that of the common element prior to such alterations. The owner of such adjacent apartments may install a stairway or doors to such opening or openings in such common element. An apartment owner shall not make any structural alterations in or structural additions to the apartment, make any interior alterations in or additions to the apartment visible from the exterior of the apartment, or make any alterations in or additions to the exterior of the apartment or to any other portion or portions of the common elements, unless the consents set forth in this Section 18.2 are obtained. Such alterations or additions within any apartment or apartments shall require only the written approval, including the apartment owner's plans, by the holders of first mortgage liens affecting such apartments (if the lien holders require such approval), by the appropriate agencies of the State of Hawaii and the City and County of Honolulu if such agencies so require, by the Board of Directors (which approval shall not be unreasonably or arbitrarily withheld or delayed), and by all other apartment owners thereby directly affected (as determined in a reasonable manner by the Board of Directors), and such alterations or additions may be undertaken without an amendment to this Declaration or filing of a complete set of floor plans of the Project as so altered. Prior to the termination of the common ownership of any such adjacent apartments, if the intervening wall or floor shall have been altered or removed pursuant to the foregoing provisions and/or any entry to hallways sealed, the owner of such apartments shall be obligated to restore such intervening wall or floor and/or hallway entries to substantially the same condition in which the same existed prior to such alteration or removal.”

EXHIBIT "C"

COMMON ELEMENTS. Paragraph 4.2 of the Restatement of the Declaration designates certain portions of the Project as "common elements", including specifically but not limited to:

4.2 Common Elements. One freehold estate is hereby designated in all of the remaining portions of the Project, herein called the "common elements", including specifically, but not limited to:

4.2.1 The Land in fee simple;

4.2.2 All foundations, columns, girders, beams, floor slabs, supports, ceilings originally installed by the developer of the Project and located within or at the perimeter of or surrounding an apartment, perimeter, party and load-bearing walls and partitions (excluding the finishes thereon), roofs, skylights, the Main Elevator Lobby, other lobby areas, stairways (except those located within an apartment), walkways, tunnels, passages, corridors, ramps, loading spaces, walls, fences, railings, entrances, entryways and exits of the Project, the mailbox area, all storage rooms not located within an apartment, all toilets and restroom facilities not located within an apartment, and all the following rooms, if any, located on the Project: all switching gear rooms, telephone/cable TV room, the television electrical room, the cooling tower room, the generator room, all equipment rooms, all pump rooms, all janitorial and maintenance rooms, all elevator machine rooms, all mechanical rooms, all electrical rooms (including the room for the electrical vault of HECO), all utility rooms, all fan rooms and all trash rooms;

4.2.3 All yards, grounds, walkways, walkway railings, balconies, landscaping, planters, water features, trash facilities and gardens;

4.2.4 The recreation area and planting areas;

4.2.5 All driveways, driveway ramps, parking stalls and parking areas (other than those located within the Parking Apartments);

4.2.6 All pipes, ducts, vents, conduits, shafts, chutes, flue, wire, sewer lines, sewage treatment equipment and facilities (if any), electrical equipment, pipes, and other central and appurtenant transmission facilities and installations (including satellite dishes owned by the Association, if any) or fixtures that serve more than one apartment or any portion of the common elements.

4.2.7 Any and all apparatus and installations existing for common use, such as elevators, tanks, pumps, motors, fans, compressors and, in general, all other installations and apparatus existing for common use;

4.2.8 All mechanical, electrical and air conditioning equipment

originally installed and located within any pump room, mechanical room, transformer room, cooling room, or electrical room or located elsewhere in the Project, utilized for or serving more than one apartment; and

4.2.9 Any and all other apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance or safety and normally in common use.

EXHIBIT "D"

LIMITED COMMON ELEMENTS. Paragraph 4.3 of the Restatement of Declaration designates:

“4.3 Limited Common Elements. Certain parts of the common elements, herein called and designated "limited common elements", are hereby set aside and reserved for the exclusive use of certain apartments and such apartments shall have appurtenant thereto exclusive easements for the use of such limited common elements. The limited common elements so set aside and reserved shall be the following, including all improvements therein or thereon or constituting the same:

4.3.1 The parking stalls which are numbered and shown on the Condominium Map are each designated limited common elements. Each Apartment shall have appurtenant to it and reserved for its exclusive use the parking stall (if any) designated as appurtenant to such Apartment, as shown in Exhibit “B” attached hereto and made a part hereof. Parking stalls may be transferred from Apartment to Apartment in the Project as hereinafter more particularly set forth or as provided by law. Apartments 202, 203 and 204 do not have parking stalls.

4.3.2 A mailbox that is located in the mailbox area as shown on the Condominium Map, with the mailbox number corresponding to the Apartment number.

4.3.3 Any shutters, awnings, window boxes, doorsteps, stoops, porches, balconies, lanais, patios, and all exterior doors and windows or other fixtures designed to serve a single apartment but located outside the apartment’s boundaries.

4.3.4 All common elements of the Project which are rationally related to less than all of said Apartments shall be limited to the use of such Apartments.”

EXHIBIT "E"

ENCUMBRANCES AGAINST TITLE

1. Any and all Real Property Taxes that may be due and owing. Check with the City and County Real Property Tax Assessment Department for further information.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. The terms and provisions contained in the following:

INSTRUMENT : AMENDMENT NO. 1 AND RESTATEMENT OF
DECLARATION OF CONDOMINIUM
PROPERTY REGIME OF 1718 ANAPUNI

DATED : June 20, 2006
FILED : Land Court Document No. 3444033
MAP : 402 and any amendments thereto

The foregoing Amended and Restated Declaration restates the original Declaration dated ---(acknowledged December 3, 1979), filed as Land Court Document No. 989272, and any amendments thereto.

4. The terms and provisions contained in the following:

INSTRUMENT : AMENDMENT NO. 1 AND RESTATEMENT OF
BY-LAWS OF THE ASSOCIATION OF
APARTMENT OWNERS OF 1718 ANAPUNI

DATED : June 20, 2006
FILED : Land Court Document No. 3444034

The foregoing Amended and Restated By-Laws restate the original By-Laws dated ---(acknowledged December 3, 1979), filed as Land Court Document No. 989272, and any amendments thereto.

5. Encroachments, if any, which would be shown on a correct survey.
6. Any recorded or unrecorded ground leases and apartment deeds covering apartment units within the Condominium Project known as "1718 ANAPUNI" and matters arising from or affecting the same.

EXHIBIT F

SUMMARY OF PERTINENT PROVISIONS OF SALES CONTRACT

Developer has filed a specimen Deposit Receipt and Sales Contract (“Sales Contract”) with the Hawaii Real Estate Commission, which contains certain pertinent provisions summarized as follows:

I.4.a & I.5.c. CONDOMINIUM DOCUMENTS. By closing the purchase of the Apartment, Buyer acknowledges that it has examined and approved the form of the Apartment Deed, Declaration of Condominium Property Regime of 1718 Anapuni (“Declaration”), By-Laws, Escrow Agreement, Supplementary Public Report, Rules and Regulations, Condominium Map, Reserve Study and any amendments to such documents or plan. The Condominium Map is intended to show only the layout, location, apartment numbers and dimensions of the apartments and is not intended to be and is not a representation, warranty or promise to Buyer.

I.4.b. MODIFICATION OF DOCUMENTS. Developer can make certain modifications to the Declaration, By-Laws, Condominium Map and Apartment Deed provided no modification shall (1) increase Buyer’s share of the common expenses, (2) increase the cost of the property covered thereby, (3) require a substantial physical change of the building in which the Apartment is situated, (4) reduce the obligations of Seller for common expense on unsold apartments; or (5) substantially impair or modify any of the obligations given or undertaken by Seller.

I.5.a. NO WARRANTIES. Seller is making no warranties, express or implied (including warranties of merchantability, habitability, workmanlike construction or fitness for a particular purpose), regarding the Apartments, the Land, the Project, common elements, limited common elements, fixtures, appliances, furnishings, or other consumer items, mechanical, plumbing, electrical, cooling or heating systems in the Apartment, Land or Project.

I.5.b. ACCEPTANCE OF APARTMENT. Developer may ask Buyer to inspect the Apartment before Closing. Buyer agrees to accept possession of the Apartment even if Buyer has not inspected the Apartment prior to Closing and even if there are defects or damages as long as the Apartment is livable.

Buyer shall have 10 days after Seller’s acceptance of the Contract to inspect the common elements of the Project and the Apartment’s limited common elements.

I.5.f.(6). LIQUIDATED DAMAGES. In the event Buyer alleges that Seller violated any federal or state disclosure laws or regulations (including the Hawaii Condominium Act and federal and state securities law), Buyer’s only remedy will be to sue for a refund of the purchase price and closing costs actually paid plus interest at 6% per annum from the date of closing until the date of repayment. If Buyer is successful, this remedy will constitute liquidated damages and Buyer cannot claim damage for changes to the Apartment, maintenance fees, real property taxes, mortgage fees and interest on the mortgage or any other damages.

I.3; I.6.;I.9. SELLER’S RIGHT TO CANCEL In addition to any other rights of cancellation reserved to Seller, if (a) Buyer’s deposit check is returned for insufficient funds, (b)

Buyer intends to obtain financing and fails to meet the deadlines regarding applying for financing or to obtain an irrevocable written commitment for an adequate loan within 35 days of the acceptance of the Sales Contract by Seller, (c) Buyer intends to pay all cash and fails to provide proof of ability to pay within 5 days after Seller accepts the Sales Contract, or (d) Buyer should die prior to Closing, or (e) Buyer shall default or fail to perform other obligations under the Contract and is not cured within 5 days of Seller's notice to Buyer, Seller reserves the right to cancel the Sales Contract and return Buyer's check or payments, without interest and less the processing and cancellation fee imposed by Escrow Agent and any other actual expenses incurred by reason of Buyer's execution of the Sales Contract.

I.6.d. BUYER'S RIGHT TO CANCEL Buyer has the right to cancel a binding Sales Contract at any time prior to the earlier of (1) the conveyance of an apartment to Buyer or (2) midnight of the thirtieth (30th) day following the receipt of the Supplementary Public Report unless Buyer waives his right to cancel in writing prior to such time. Buyer also has the right to rescind the Sales Contract pursuant to HRS §514A-63.

I.7.d. CLOSING COSTS. Buyer shall pay all closing costs. Real property taxes, assessments paid and insurance shall be prorated as of the Closing.

I.8. SUBORDINATION. Buyer acknowledges that Seller may obtain a loan and grant a mortgage covering Seller's interest in the Project land and the Project, including the Sales Contract. Buyer acknowledges and agrees that all security interests obtained by a lender in connection with such loan as well as any extensions, renewals and modifications thereof, shall be and remain at all times a lien or charge on the Project, including the Apartment covered by the Sales Contract, prior to and superior to any and all liens or charges on the Project arising from the Sales Contract. Buyer hereby expressly waives, relinquishes and subordinates the priority or superiority of any lien under the Sales Contract in favor of the lien or charge on the Project of the security interests of lender.

I.9. & I.5.b. DEFAULT. Time is of the essence of the Sales Contract, and if the Sales Contract is binding and Buyer shall default in any payment when required or fail to perform any other obligations required of Buyer and shall fail to cure such default within five (5) days after receipt of written notice thereof from Seller, Seller may, at Seller's option, terminate the Sales Contract by written notice to Buyer. In the event of such default, the parties hereto understand and agree that the sums paid by Buyer prior to such default shall belong to Seller as liquidated damages. In addition, Buyer shall pay all fees for documents that have been prepared in connection with Buyer's proposed purchase of the Apartment. Seller may also pursue any other remedy at law or in equity for specific performance or damages, and all costs, including attorneys' fees, incurred by reason of default by Buyer shall be borne by Buyer.

THIS EXHIBIT CONTAINS ONLY SUMMARIES OF CERTAIN PERTINENT PROVISIONS CONTAINED IN THE DEPOSIT RECEIPT AND SALES CONTRACT. PROSPECTIVE OWNERS SHOULD READ AND UNDERSTAND ALL OF THE PROVISIONS IN THEIR ENTIRETY CONTAINED IN THE AFORESAID DOCUMENT.

EXHIBIT "G"

SUMMARY OF THE MATERIAL PROVISIONS OF THE ESCROW AGREEMENT

Summary of the Condominium Escrow Agreement between the Developer and Title Guaranty Escrow Services, Inc.

1. All deposits will be paid to Escrow. A copy of each Sales Contract and all payments made to purchase an Apartment shall be turned over to the Escrow Agent.

2. Refunds. A Buyer shall be entitled to a return of his funds, and Escrow shall pay such funds to such Buyer, without interest, in accordance with the Sales Contract if any of the following has occurred:

(a) Developer and Buyer shall have requested Escrow in writing to return to Buyer the funds of Buyer held hereunder by Escrow; or

(b) Developer shall have notified Escrow of Developer's exercise of the option to cancel or rescind the sales contract pursuant to any right of cancellation or rescission provided therein or otherwise available to Developer; or

(c) Buyer shall have notified Escrow that the conditions provided for a refund under Sections 514A-62 or 514A-63, Hawaii Revised Statutes, as amended, have been met.

Upon such refund, Escrow shall be entitled to a cancellation fee from Buyer commensurate with the services rendered by Escrow prior to cancellation up to \$250.00 and Escrow's out-of-pocket costs.

3. Requirements Prior to Disbursement of Buyer's Funds. Escrow shall make no disbursements of Buyer's funds pursuant to paragraphs 3 and 6 of the Escrow Agreement until, among other things, (a) a Final Public Report has been issued and after receipt, Buyer has waived or deemed to have waived Buyer's right to cancel the Sales Contract, and (b) Buyer's apartment deed is recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii or the Bureau of Conveyances of the State of Hawaii, as the case may be.

4. Buyer's Default. Seller must notify Escrow in writing if Buyer defaults, and must certify that Seller has cancelled the Buyer's Sales Contract and notified Buyer of the default. After such cancellation Escrow will treat the Buyer's funds less Escrow's cancellation fees as belonging to the Seller.

EXHIBIT "H"

DISCLOSURE ABSTRACT

1. (a) PROJECT: 1718 Anapuni
1718 Anapuni Street
Honolulu, Hawaii, 96822
 - (b) DEVELOPER: Joy International, Inc.
201 Ohua Avenue, #302-I
Honolulu, Hawaii 96815
Telephone: (808) 721-2201
 - (c) MANAGING AGENT: Hawaiiana Management Company, Ltd.
 - (d) REAL ESTATE BROKER: Map Vision, Inc.
201 Ohua Ave, #302-I
Honolulu, Hawaii 96815
2. Breakdown of estimated annual maintenance fees and monthly estimated costs for each unit are more fully described on Exhibit "1" attached hereto (revised and updated every twelve (12) months and certified to have been based on generally accepted accounting principles).

The Buyer of an Apartment shall not be obligated for the payment of his respective share of the common expenses or maintenance fees until such time that the Developer files an amended abstract with the Real Estate Commission which shall provide that, after a certain date, the respective Apartment owner shall thereafter be obligated to pay for his respective share of the common expenses or maintenance fees that is allocated to the Apartment owner's Apartment. The amended abstract shall be filed at least thirty (30) days in advance with the Real Estate Commission, with a copy of the amended abstract being delivered either by mail or personal delivery, after the filing, to each of the Apartment owners for whom the common expenses or maintenance fees were assumed by the Developer.

The Buyer will pay a maintenance fee deposit equal to one month's estimated maintenance fee for the Apartment, which fee shall be deposited in the account of the Association. This deposit fee will be credited to Buyer's payment of maintenance fees at the time the Buyer is obligated to pay maintenance fees as set forth above.

The Developer will also contribute a maximum of One Hundred Seventy-Five Dollars (\$175,000) in reserves to the Association of Apartment Owners of 1718 Anapuni in order to provide initial funding of a reserve account. The actual amount, but no more than \$175,000 shall be determined by a Reserve Study. The Developer will contribute an amount, determined by Developer, to the reserves

upon the closing of each sale of an Apartment until the Developer's obligation to fund the reserves is completed.

3. DESCRIPTION OF ALL WARRANTIES COVERING THE APARTMENTS AND COMMON ELEMENTS:

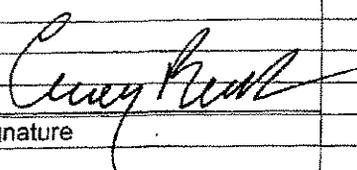
The Developer is not making any warranties relating to the materials and workmanship of the Apartments, any furniture, fixtures or appliances in the Apartments and any common elements or limited common elements in the Project.

4. USE OF APARTMENTS. The Apartments shall be occupied and used only for residential purposes by the respective owners, their tenants, families, domestic servants and social guests, and for any other purpose permitted by the Land Use Ordinance of the City and County of Honolulu. However, there are Special Use restrictions prohibiting use of the Apartments for transient, hotel or time sharing purposes. Please see Section 8.1 of the Restatement of Declaration for such restrictions. There are restrictions on pets. Please see Section VI.3.k of the Bylaws.

Estimate of Fee Disbursement

	Monthly	Annually
Utilities		
Electricity	\$800.00	\$9,600.00
Water	\$400.00	\$4,800.00
Sewer	\$700.00	\$8,400.00
Telephone	\$75.00	\$900.00
Maintenance		
Grounds Mince. & Janitorial	\$950.00	\$11,400.00
Electrical/Lighting	\$50.00	\$600.00
Elevator Maintenance	\$675.00	\$8,100.00
Pest Control	\$0.00	\$0.00
Plumbing	\$0.00	\$0.00
Refuse	\$425.00	\$5,100.00
Fire Systems	\$50.00	\$600.00
Misc. Repairs and Supplies	\$0.00	\$0.00
Professional Services		
Admin Supplies and Services	\$200.00	\$2,400.00
Management Fees	\$834.00	\$10,008.00
Audit/Tax Preparation	\$60.00	\$720.00
Legal Fees	\$0.00	\$0.00
Insurance - Property	\$805.00	\$9,660.00
General Liability	\$50.00	\$600.00
Umbrella	\$90.00	\$1,080.00
Fidelity Bond	\$30.00	\$360.00
Director and Officer Liability	\$70.00	\$840.00
Other		
GET & Fed. Taxes	\$20.00	\$240.00
Condo Registration	\$14.00	\$168.00
Reserves	\$2,084.00	\$25,008.00
Total	\$8,382.00	\$100,584.00

I, Emory Bush, as agent for/and/or employed by Hawaiiana Management Company, the condominium managing agent/developer for the 1718 Anapuni 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. Estimate of Fee Disbursement assumes that Developer will collect a start-up fee equal to approximately \$600 from each purchaser at closing of sale. Said start-up fee shall be used to fund the association's capital reserve account.


6-28-06

Signature
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 not conducted a reserve study for the Project. The budget amount for Reserves is an estimate only.

Estimate of Initial Maintenance Fee

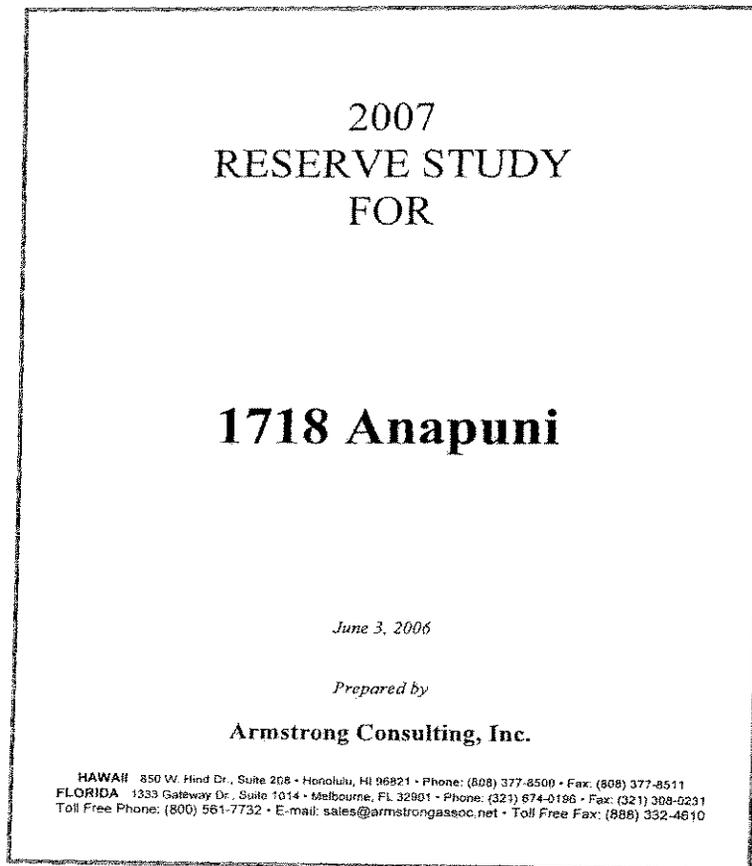
Apartment No.	Type	% Common Interest	Monthly Fee	Yearly Total
201	E	3.571%	\$299.32	\$3,591.85
202	D	3.571%	\$299.32	\$3,591.85
203	C	3.571%	\$299.32	\$3,591.85
204	B	3.571%	\$299.32	\$3,591.85
205	A	3.571%	\$299.32	\$3,591.85
301	E	3.571%	\$299.32	\$3,591.85
302	D	3.571%	\$299.32	\$3,591.85
303	C	3.571%	\$299.32	\$3,591.85
304	B	3.571%	\$299.32	\$3,591.85
305	A	3.571%	\$299.32	\$3,591.85
401	E	3.571%	\$299.32	\$3,591.85
402	D	3.571%	\$299.32	\$3,591.85
403	C	3.571%	\$299.32	\$3,591.85
404	B	3.571%	\$299.32	\$3,591.85
405	A	3.571%	\$299.32	\$3,591.85
501	E	3.571%	\$299.32	\$3,591.85
502	D	3.571%	\$299.32	\$3,591.85
503	C	3.571%	\$299.32	\$3,591.85
504	B	3.571%	\$299.32	\$3,591.85
505	A	3.571%	\$299.32	\$3,591.85
601	E	3.571%	\$299.32	\$3,591.85
602	D	3.571%	\$299.32	\$3,591.85
603	C	3.571%	\$299.32	\$3,591.85
604	B	3.571%	\$299.32	\$3,591.85
605	A	3.571%	\$299.32	\$3,591.85
701	E	3.575%	\$299.66	\$3,595.88
702	D	3.575%	\$299.66	\$3,595.88
703	F	3.575%	\$299.66	\$3,595.88
TOTAL		100.000%	\$8,382.00	\$100,584.00

EXHIBIT "I"

INTRODUCTION TO RESERVE STUDY

The Developer had a Level 1 Reserve Study done in June, 2006. Attached are the first seven pages of the 33 page report that summarizes what is a Reserve Study, what it contains, the levels of reports, and what they must disclose. Each purchaser will be given, under separate cover, a copy of the entire June, 2006 report, including particulars on each reserve component.

PROSPECTIVE PURCHASERS ARE URGED TO REVIEW THE ENTIRE RESERVE STUDY WITH CARE. THE STUDY ADDRESSES WHAT MAJOR COMMON AREA COMPONENTS MUST BE REPLACED, WHEN, AT WHAT COST AND HOW IT WILL BE PAID FOR.



**2007
RESERVE STUDY
FOR
1718 Anapuni**

June 3, 2006

A level one (1) study was performed according to the Community Associations Institute (CAI) Reserve Study Standards. (*See attached standards.*)

On-site visual observations of the common area elements [i.e., roofs, parking areas, paint, etc.] were performed by Dale Armstrong.

This report may also rely on information supplied by the property manager, Board of Directors, resident manager, contractors and published replacement guides modified for local conditions related to reconstruction.

The placement of a useful life on common elements is not an exact science. There are many variables that affect their life. For example, weather, usage, vandalism and proper maintenance. Therefore, we recommend a review of the physical analysis every three years or at any time of a major condition change [i.e., storm damage] and an update of the financial analysis every year.

Disclosure; as an impartial third party, Armstrong Consulting, Inc. also provides construction management for Association's reserve projects, by being the Association's representative.

This report was either prepared or reviewed by Dale Armstrong, R.S.

Armstrong Consulting, Inc.



Florida Office
1333 Gateway Drive, Suite 1014
Melbourne, Florida 32901
Toll Free (888) 819-2300
Phone (321) 674-0196
Fax (888) 332-4610



Hawaii Office
850 W. Hind Drive, Suite 208
Honolulu, Hawaii 96821
Toll Free (800) 561-7732
Phone (808) 377-8500
Fax (808) 377-8511



COMMUNITY ASSOCIATIONS INSTITUTE (CAI) RESERVE STUDY STANDARDS

What is a Reserve Study?

A Reserve Study is made up of two parts, 1) the information about the physical status and repair/replacement cost of the major common area components the association is obligated to maintain (Physical Analysis), and 2) the evaluation and analysis of the association's Reserve balance, income, and expenses (Financial Analysis). The Physical Analysis is comprised of the Component Inventory, Condition Assessment, and Life and Valuation Estimates. The Component Inventory should be relatively "stable" from year to year, while the Condition Assessment and Life and Valuation Estimates will necessarily change from year to year. The Financial Analysis is made up of a finding of the client's current Reserve Fund Status (measured in cash or as Percent Funded) and a recommendation for an appropriate Reserve contribution rate (Funding Plan).

Physical Analysis	Financial Analysis
Component Inventory	Fund Status
Condition Assessment	Funding Plan
Life and Valuation Estimates	

Reserve Study Contents

The following is a list of the minimum contents to be included in the Reserve Study.

- A summary of the association's number of units, physical description, and Reserve Fund financial condition.
- A projection of Reserve Starting Balance, recommended Reserve contributions, projected Reserve expenses, and projected ending Reserve Fund Balance for a minimum of 20 years.
- A tabular listing of the Component Inventory, component quantity or identifying descriptions, Useful Life, Remaining Useful Life, and Current Replacement Cost.
- A description of methods and objectives utilized in computing the Fund Status and development of the Funding Plan.
- Source(s) utilized to obtain component Repair or Replacement cost estimates.
- A description of the Level of Service by which the Reserve Study was prepared.
- Fiscal year for which the Reserve Study is prepared.

Levels of Service

The following three categories describe the various types of Reserve Studies, from exhaustive to minimal.

- I. Full: A Reserve Study in which the following five Reserve Study tasks are performed:
 - Component Inventory
 - Condition Assessment (based upon on-site visual observations)
 - Life and Valuation Estimates
 - Fund Status
 - Funding Plan

II. Update, With-Site-Visit/On-Site Review: A Reserve Study update in which the following five Reserve Study tasks are performed:

- Component Inventory (verification only, not quantification)
- Condition Assessment (based on on-site visual observations)
- Life and Valuation Estimates
- Fund Status
- Funding Plan

III. Update, No-Site-Visit/Off-Site Review: A Reserve Study update with no on-site visual observations in which the following three Reserve Study tasks are performed:

- Life and Valuation Estimates
- Fund Status
- Funding Plan

Disclosures

The following are the minimum disclosures to be included in the Reserve Study.

General: Description of other involvement(s) with the association that could result in actual or perceived conflicts of interest.

Physical Analysis: Description of how thorough the on-site observations were performed: representative sampling vs. all common areas, destructive testing or not, field measurements vs. drawing take-offs, etc.

Financial Analysis: Description of assumptions utilized for interest and inflation, tax, and other outside factors.

Personnel Credentials: State or organizational licenses or credentials carried by the individual responsible for Reserve Study preparation or oversight.

Update Reports: Disclosure of how the current work is reliant on the validity of prior Reserve Studies.

Completeness: Material issues which, if not disclosed, would cause a distortion of the association's situation.

Reliance on Client Data: Information provided by the official representative of the association regarding financial, physical, quantity, or historical issues will be deemed reliable by the consultant. The reserve study will be a reflection of information provided to the consultant and assembled for the association's use, not for the purpose of performing an audit, quality/forensic analyses, or background checks of historical records.

Reserve Balance: The actual or projected total presented in the reserve study is based upon information provided and was not audited.

Component Quantities: For Update With-Site-Visit and Update No-Site-Visit Levels of Service, the client is considered to have deemed previously developed component quantities as accurate and reliable.

Reserve Projects: Information provided about reserve projects will be considered reliable. Any on-site inspection should not be considered a project audit or quality inspection.

Terms and Definitions

CASH FLOW METHOD: A method of developing a Reserve Funding Plan where contributions to the Reserve fund are designed to offset the variable annual expenditures from the Reserve fund. Different Reserve Funding Plans are tested against the anticipated schedule of Reserve expenses until the desired Funding Goal is achieved.

COMPONENT: The individual line items in the Reserve Study, developed or updated in the Physical Analysis. These elements form the building blocks for the Reserve Study. Components typically are: 1) Association responsibility, 2) with limited Useful Life expectancies, 3) predictable Remaining Useful Life expectancies, 4) above a minimum threshold cost, and 5) as required by local codes.

COMPONENT INVENTORY: The task of selecting and quantifying Reserve Components. This task can be accomplished through on-site visual observations, review of association design and organizational documents, a review of established association precedents, and discussion with appropriate association representative(s).

COMPONENT METHOD: A method of developing a Reserve Funding Plan where the total contribution is based on the sum of contributions for individual components. See "Cash Flow Method."

CONDITION ASSESSMENT: The task of evaluating the current condition of the component based on observed or reported characteristics.

CURRENT REPLACEMENT COST: See "Replacement Cost."

DEFICIT: An actual (or projected) Reserve Balance less than the Fully Funded Balance. The opposite would be a Surplus.

EFFECTIVE AGE: The difference between Useful Life and Remaining Useful Life. Not always equivalent to chronological age, since some components age irregularly. Used primarily in computations.

FINANCIAL ANALYSIS: The portion of a Reserve Study where current status of the Reserves (measured as cash or Percent Funded) and a recommended Reserve contribution rate (Reserve Funding Plan) are derived, and the projected Reserve income and expense over time is presented. The Financial Analysis is one of the two parts of a Reserve Study.

FULLY FUNDED: 100% Funded. When the actual (or projected) Reserve balance is equal to the Fully Funded Balance.

FULLY FUNDED BALANCE (FFB): Total Accrued Depreciation. An indicator against which Actual (or projected) Reserve balance can be compared. The Reserve balance that is in direct proportion to the fraction of life "used up" of the current Repair or Replacement cost. This number is calculated for each component, then summed together for an association total. Two formulas can be utilized, depending on the provider's sensitivity to interest and inflation effects. Note: Both yield identical results when interest and inflation are equivalent.

$FFB = \text{Current Cost} \times \text{Effective Age} / \text{Useful Life}$
or

$FFB = (\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) + [(\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) / (1 + \text{Interest Rate}) ^ \text{Remaining Life}] - [(\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) / (1 + \text{Inflation Rate}) ^ \text{Remaining Life}]$

FUND STATUS: The status of the reserve fund as compared to an established benchmark such as percent funding.

FUNDING GOALS: Independent of methodology utilized, the following represent the basic categories of Funding Plan goals:

- Baseline Funding: Establishing a Reserve funding goal of keeping the Reserve cash balance above zero.
- Full Funding: Setting a Reserve funding goal of attaining and maintaining Reserves at or near 100% funded.
- Statutory Funding: Establishing a Reserve funding goal of setting aside the specific minimum amount of Reserves required by local statutes.
- Threshold Funding: Establishing a Reserve funding goal of keeping the Reserve balance above a specified dollar or Percent Funded amount. Depending on the threshold, this may be more or less conservative than "Fully Funding."

FUNDING PLAN: An association's plan to provide income to a Reserve fund to offset anticipated expenditures from that fund.

FUNDING PRINCIPLES:

- Sufficient Funds When Required
- Stable Contribution Rate over the Years
- Evenly Distributed Contributions over the Years
- Fiscally Responsible

LIFE AND VALUATION ESTIMATES: The task of estimating Useful Life, Remaining Useful Life, and Repair or Replacement Costs for the Reserve components.

PERCENT FUNDED: The ratio, at a particular point of time (typically the beginning of the Fiscal Year), of the actual (or projected) Reserve Balance to the Fully Funded Balance, expressed as a percentage.

PHYSICAL ANALYSIS: The portion of the Reserve Study where the Component Inventory, Condition Assessment, and Life and Valuation Estimate tasks are performed. This represents one of the two parts of the Reserve Study.

REMAINING USEFUL LIFE (RUL): Also referred to as "Remaining Life" (RL). The estimated time, in years, that a reserve component can be expected to continue to serve its intended function. Projects anticipated to occur in the initial year have "zero" Remaining Useful Life.

REPLACEMENT COST: The cost of replacing, repairing, or restoring a Reserve Component to its original functional condition. The Current Replacement Cost would be the cost to replace, repair, or restore the component during that particular year.

RESERVE BALANCE: Actual or projected funds as of a particular point in time that the association has identified for use to defray the future repair or replacement of those major components which the association is obligated to maintain. Also known as Reserves, Reserve Accounts, Cash Reserves. Based upon information provided and not audited.

RESERVE PROVIDER: An individual who prepares Reserve Studies.

RESERVE STUDY: A budget planning tool that identifies the current status of the Reserve fund and a stable and equitable Funding Plan to offset the anticipated future major common area expenditures. The Reserve Study consists of two parts: the Physical Analysis and the Financial Analysis. "Our budget and finance committee is soliciting proposals to update our Reserve Study for next year's budget."

RESPONSIBLE CHARGE: A reserve specialist in responsible charge of a reserve study shall render regular and effective supervision to those individuals performing services that directly and materially affect the quality and competence rendered by the reserve specialist. A reserve specialist shall maintain such records as are reasonably necessary to establish that the reserve specialist exercised regular and effective supervision of a reserve study of which he was in responsible charge. A reserve specialist engaged in any of the following acts or practices shall be deemed not to have rendered the regular and effective supervision required herein:

1. The regular and continuous absence from principal office premises from which professional services are rendered; except for performance of field work or presence in a field office maintained exclusively for a specific project;
2. The failure to personally inspect or review the work of subordinates where necessary and appropriate;
3. The rendering of a limited, cursory or perfunctory review of plans or projects in lieu of an appropriate detailed review;
4. The failure to personally be available on a reasonable basis or with adequate advance notice for consultation and inspection where circumstances require personal availability.

SPECIAL ASSESSMENT: An assessment levied on the members of an association in addition to regular assessments. Special Assessments are often regulated by governing documents or local statutes.

SURPLUS: An actual (or projected) Reserve Balance greater than the Fully Funded Balance. See "Deficit."

USEFUL LIFE (UL): Total Useful Life or Depreciable Life. The estimated time, in years, that a reserve component can be expected to serve its intended function if properly constructed in its present application or installation.

HAWAII'S AMENDMENT TO ALLOW CASH FLOW ANALYSIS

HB 70

"Cash flow plan" means a twenty-year projection of an association's future income and expense requirements to fund fully its replacement reserves requirements each year during that twenty-year period, except in an emergency; provided that it does not include a projection of special assessments or loans during that twenty-year period, except in an emergency.

Courtesy of Armstrong Consulting, Inc.

v