

REAL ESTATE COMMISSION

PROFESSIONAL & VOCATIONAL LICENSING DIVISION
DEPARTMENT OF REGULATORY AGENCIES

STATE OF HAWAII

1010 RICHARDS STREET
P. O. BOX 3469
HONOLULU, HAWAII 96801

**PRELIMINARY
HORIZONTAL PROPERTY REGIMES (CONDOMINIUM)
PUBLIC REPORT
ON**

PENAKII

Waipio, Oahu, Hawaii

Registration No. 1232

IMPORTANT — Read This Report Before Buying

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

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

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

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

Issued: March 7, 1980
Expires: April 7, 1981

SPECIAL ATTENTION

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

THIS REPORT REFLECTS INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION SUBMITTED ON JANUARY 21, 1980, AND ADDITIONAL INFORMATION SUBSEQUENTLY FILED AS OF MARCH 4, 1980. THE DEVELOPER, BY NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY ACT, CHAPTER 514A, HAWAII REVISED STATUTES, AS AMENDED.

1. PENAKII is a proposed fee simple condominium project consisting of one hundred eight (108) residential apartment units, all to be built in accordance with floor plans filed with the Real Estate Commission. The project will contain two hundred twenty-eight (228) parking spaces.
2. The Developer of the project has submitted to the Commission for examination all documents deemed necessary for the registration of a condominium project and issuance of this Preliminary Public Report. The Developer shall be responsible for placing this Preliminary Public Report (yellow paper stock) and Disclosure Abstract in the hands of all purchasers and prospective purchasers. Securing a signed copy of the receipt therefor from each purchaser and prospective purchaser is also the responsibility of the Developer.
3. No advertising and promotional matter has been submitted pursuant to the rules and regulations promulgated by the Commission.
4. The basic documents (Declaration of Horizontal Property Regime, By-Laws of the Association of Apartment Owners, and a copy of the Condominium Map) have not been filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii.
5. The purchaser or prospective purchaser is advised to acquaint himself with the provisions of Chapter 514A of the Hawaii Revised Statutes, and the Rules and Regulations of the Hawaii Real Estate Commission which relates to Horizontal Property Regimes.
6. This Preliminary Public Report automatically expires thirteen (13) months after date of issuance, March 7, 1980, unless a Supplementary or Final Public Report is issued or the Commission, upon review of the registration, issues an order extending the effective period of this report.

NAME OF PROJECT: PENAKII

LOCATION: The project is located at Waipio, Island of Oahu, State of Hawaii. The land consists of a 327,110 sq. ft. portion of Lot 8224, which Lot is described in a Preliminary Title Report issued by First Land Title Corporation and dated December 11, 1979. Lot 8224 has been subdivided by the Developer and a new lot designation for the project will be shortly forthcoming from the Assistant Registrar of the Land Court of the State of Hawaii.

TAX KEY: First Division, 9-4-06: portion of 12

ZONING: A-1 Townhouse

DEVELOPER: Gentry-Waipio, A Joint Venture, a Hawaii registered general partnership; Suite 1809, 130 Merchant Street, Honolulu, Hawaii 96813; Telephone 523-7011.

The general partners are:

Thomas Gentry
700 Richards Street
Honolulu, Hawaii

Gentry-Pacific, Ltd.
Suite 1809
130 Merchant Street
Honolulu, Hawaii

ATTORNEY REPRESENTING DEVELOPER: Carlsmith & Dwyer, Suite 2102, Davies Pacific Center, 841 Bishop Street, Honolulu, Hawaii 96813 (Attention: Mitchell A. Imanaka or Charles Edward Pear, Jr.), Telephone No. 524-7200.

DESCRIPTION OF THE PROJECT:

A. Description of Buildings. The property shall contain twenty-seven (27) separate apartment buildings constructed principally of wood, glass, concrete and gypsum board. There shall be two (2) different and distinct building types, designated as types "A" (one-story buildings 1, 4, 6, 9, 14, 15, 18, 20, 22, 24, and 27) and "B" (two story buildings 2, 3, 5, 7, 8, 10, 11, 12, 13, 16, 17, 19, 21, 23, 25 and 26). All buildings shall contain four (4) apartments. No building exceeds two stories in height and no building contains a basement.

In addition to the apartment buildings, there shall also be a cabana which shall consist of one (1) story without basement, and contain no apartments.

The apartment buildings run in an "S" pattern and are numbered consecutively beginning with building number 1 located on the north side of the property where Waipio Uka Street meets "PU-1", proceeding along the Waipio Uka Street side of the property, then up toward "PU-1", back toward the southern side of the property and then finally up toward "PU-1", ending with building number 27. The cabana is located near the center of the property, adjacent to the pool area.

B. Description of the Apartments. One hundred eight (108) separate condominium apartments are designated in the space within the perimeter and party walls, windows, doors, floors and ceilings of each of the one hundred eight (108) apartment units (specifically including the appurtenant lanais) of the property, distributed among the twenty-seven (27) apartment buildings of the property as described above, which spaces are referred to herein as "apartments", and are designated on said Condominium Map and described as follows:

(1) Apartment Numbers and Locations: The apartment designations will be composed of the apartment letter designation preceded by the building number. The apartments contained in each apartment building will be designated alphabetically from "A" to "D". The designation for apartments in building number 27, for instance, will be as follows: "27A", "27B", "27C" and "27D". The designation of apartments in apartment buildings number 1, 2, 3, 4, 5, 6, 15, 16, 17, 18 and 19 will commence from the northwest corner of the building with the "A" apartment and proceed clockwise, ending in the southwest corner of the building with the "D" apartment. The designation of apartments in apartment buildings number 7, 8, 9, 10, 20 and 21 will commence from the northeast corner of the

building with the "A" apartment and proceed clockwise, ending in the northwest corner of the building with the "D" apartment. The designation of apartments in apartment buildings number 11, 12, 13, 14, 22, 23, 24, 25, 26 and 27 will commence from the southeast corner of the building with the "A" apartment and proceed clockwise, ending in the northeast corner of the building with the "D" apartment.

(2) Layout and Area of Individual Apartments:

The apartments are constructed according to basically two (2) different floor plans, type A and type B. All type A apartments will utilize a similar interior floor plan. Each type A apartment will be a one (1) story apartment and shall contain a living room, kitchen, dining area, two (2) bedrooms, one (1) bath, a washer/dryer area and a storage area. One type A apartment in each building containing type A apartments shall have an extended concrete walkway adjacent to the entrance to accommodate handicapped occupants.

All type B apartments will utilize a similar interior floor plan. Each type B apartment will be a two (2) story apartment and shall contain a living room, kitchen, dining area, washer/dryer area and storage area on the first floor, and three (3) bedrooms and one and one half (1 1/2) baths on the second floor.

The approximate gross area and percentage of common interest for each apartment is as follows:

<u>Unit Type</u>	<u>Apartments</u>	<u>Total Approximate Area (in Sq. Ft.)</u>	<u>Common Interest</u>
A	1A, 1B, 1C, 1D, 4A, 4B, 4C, 4D, 6A, 6B, 6C, 6D, 9A, 9B, 9C, 9D, 14A, 14B, 14C, 14D, 15A, 15B, 15C, 15D, 18A, 18B, 18C, 18D, 20A, 20B, 20C, 20D, 22A, 22B, 22C, 22D, 24A, 24B, 24C, 24D, 27A, 27B, 27C, 27D	875.5	.76176%
B	2A, 2B, 2C, 2D, 3A, 3B, 3C, 3D, 5A, 5B, 5C, 5D, 7A, 7B, 7C, 7D, 8A, 8B, 8C, 8D, 10A, 10B, 10C, 10D, 11A, 11B, 11C, 11D, 12A, 12B, 12C, 12D, 13A, 13B, 13C, 13D, 16A, 16B, 16C, 16D, 17A, 17B, 17C, 17D, 19A, 19B, 19C, 19D, 21A, 21B, 21C, 21D, 23A, 23B, 23C, 23D, 25A, 25B, 25C, 25D, 26A, 26B, 26C, 26D	1,194	1.03879%

NOTE: In accordance with local architectural practice, the approximate floor area of each apartment as set forth above includes all of the walls and partitions within its perimeter walls, the entirety of its perimeter non-party walls, and the interior half of its perimeter party walls, whether load-bearing or non-load bearing. THE AREAS SHOWN ABOVE ARE APPROXIMATE ONLY, AND THE ACTUAL APARTMENT AREAS ARE LIKELY TO VARY SOMEWHAT.

(3) Access to Common Elements: Each apartment has immediate access to the grounds of the property or to a walkway leading to the grounds of the property.

(4) Other Data Identifying and Defining the Apartments: The respective apartments shall not be deemed to include the perimeter or party walls or the undecorated or unfinished surfaces thereof; the exterior surfaces of all perimeter walls, doors, door frames, windows and window frames; the interior load-bearing walls; awnings (if any); the floor and ceiling surrounding each apartment; any pipes, wires, conduits or other utility or service lines which are utilized for or serve more than one apartment; all of the foregoing being common elements as hereinafter provided. Each apartment shall be deemed to include all the walls and partitions which are not load-bearing within its perimeter or party walls; the inner decorated or finished surfaces of all walls, floors, ceilings, doors, door frames, windows and window frames; any interior staircases; and all fixtures originally installed in the apartment.

COMMON ELEMENTS: One freehold estate is hereby designated in all of the remaining portions of the property, herein called the "common elements", including specifically but not limited to:

- (1) Said land in fee simple;
- (2) All structural components, such as foundations, girders, beams, supports, main walls, roofs, entrances, exits, floor slabs, unfinished perimeter, party and load-bearing walls, and walkways of said buildings;
- (3) All common spaces such as yards, gardens, planting areas, swimming pool, trash collection areas, all parking areas, driveways and access lanes and twelve (12) guest parking stalls;
- (4) All common premises for the use of janitors, resident manager, or other persons employed for operation of the property, if any, including apartment designated "14D";
- (5) Installations for services such as pipes, cables, conduits, ducts, electrical equipment, wiring and other central appurtenant transmission facilities and installations over, under, or across the property which serve more than one apartment for services such as power, light, gas, hot water, cold water, incineration, sewage, telephone, radio and television signal distribution, if any;
- (6) Any apparatus and installations existing for common use, including tanks, pumps, motors, fans, compressors, ducts, vents, and other such installations and apparatus;

(7) The cabana;

(8) The fences which surround fenced yard areas;

(9) All other parts of the property necessary or convenient to its existence, maintenance, and safety, or normally in common use.

LIMITED COMMON ELEMENTS: Certain parts of the common elements, herein called "limited common elements", are hereby designated and set aside for the exclusive use of certain apartments, and such apartments shall have appurtenant thereto exclusive easements for the use of such limited common elements as follows:

(1) Each apartment shall have for its exclusive use two (2) parking stalls bearing the same designation as the apartment to which said stalls are appurtenant, as depicted on the Condominium Map.

(2) Each apartment shall have for its exclusive use the mailbox bearing the same designation as such apartment.

(3) All fenced yard areas adjacent to each apartment shall be limited common elements appurtenant to the respective apartments. The Developer hereby expressly reserves the right to redesignate any and all fenced yard areas appurtenant to the respective apartments, including, without limitation, the right to realign the boundaries of said fenced yard areas by a maximum of ten (10) feet on either side of the boundary shown on the Condominium Map; and may accomplish and effect said redesignation at the time of the filing of an "as-built" verified statement, by amendment to the Declaration and the Condominium Map as provided in paragraph 10 of the Declaration. The acceptance of an apartment deed by an apartment owner shall constitute consent by said apartment owner to any change in the boundaries of the appurtenant fenced yard areas as aforesaid.

(4) All other common elements of the property which are rationally related to less than all of said apartments shall be limited common elements appurtenant to the apartments to which they are so related.

INTEREST TO BE CONVEYED TO PURCHASER: Each apartment shall have appurtenant thereto an undivided percentage interest in all common elements of the property (herein called the "common interest"), and the same proportionate share in all common profits and expenses of the property and for all other purposes, including voting, as shown above under "DESCRIPTION OF PROJECT".

EASEMENTS: The proposed Declaration of Horizontal Property Regime provides that the apartments and common elements (including limited common elements) shall have and be subject to a number of easements including but not limited to the following which purchaser should note:

(1) The Developer shall have the right to conduct extensive sales activities on the property, including the use of model apartments, sales, and management offices, and

extensive sales displays and activities until the earlier to occur of (a) forty-eight (48) months from the date of filing in the Office of the Assistant Registrar of the Land Court of the State of Hawaii of the first apartment deed or (b) the closing of the sale of the last unsold apartment in the project. In the event that the Developer is unable to sell all of the apartments within the forty-eight (48) month period, the Developer shall have the right to conduct sales activities on the property until the closing of the sale of the last unsold apartment in the project provided that such sales activities are conducted in an unobstrusive manner which will not unreasonably interfere with the use, possession and aesthetic enjoyment of the property by the other apartment owners. In the event that the Developer's mortgage lender or any successor to or assignee of the Developer's mortgage lender shall acquire any portion of the property in the course of any foreclosure or other legal proceeding or by an assignment in lieu of foreclosure, such mortgage lender, its successors and assigns shall have the right to conduct such extensive sales activities on the property until at least ninety-five percent (95%) of all of the apartments have been sold and closed, notwithstanding the foregoing.

(2) The Developer, its agents, employees, contractors, licensees, successors and assigns shall have an easement over and upon the property as may be reasonably necessary for the completion of improvements to and correction of defects in the property. Such easement shall terminate twenty-four (24) months after the later of (i) the date of the filing in the Office of the Assistant Registrar of the Land Court of the State of Hawaii of the first apartment deed, or (ii) "substantial completion" (as that term is used in Chapter 507, Part II, Hawaii Revised Statutes) of the improvement to be completed or corrected. Such period shall be extended for such additional period (not to exceed twenty-four (24) months) as may be reasonably necessary for the completion of such improvements in the exercise of due diligence or such additional period as may become necessary if such completion is delayed by reason of force majeure.

NOTE: The Developer advises that a ten (10) foot wide easement for sewer line purposes will be granted in favor of the City and County of Honolulu, which easement will run through various portions of the southern half of the project.

PURPOSE OF BUILDING AND RESTRICTIONS AS TO USE: The proposed Declaration of Horizontal Property Regime provides:

(1) Except when the holder of the first mortgage on an apartment has entered into possession of the apartment following (i) a default under its first mortgage, (ii) a foreclosure proceeding, or (iii) a conveyance in lieu of foreclosure, the apartments shall be occupied and used only "as residential dwellings". No apartment owner shall be permitted to lease his apartment or any portion thereof for transient or hotel purposes, which are defined as (a) rental for any period of less than 30 days, or (b) 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 and linen, or bellboy service. The Association shall have the power to enact resolutions, rules and regulations, and have the

power to amend and repeal the same from time to time, reasonably restricting and regulating the use of the apartments and the common elements; provided, that any such resolutions, rules or regulations shall be consistent with the terms of this Declaration, and the By-Laws.

(2) The owners of the respective apartments shall have the absolute right to sell or otherwise transfer such apartments subject to all provisions of the Horizontal Property Act, the Declaration and the By-Laws attached thereto; provided, however, that no apartment owner may sell or otherwise transfer less than the entire apartment.

(3) No apartment owner shall use his apartment or appurtenant limited common elements for any purpose which will injure the reputation of the property, or suffer anything to be done or kept in his apartment or elsewhere on the property which will (a) jeopardize the soundness of the property, or (b) interfere with or unreasonably disturb the rights of other owners and occupants, or (c) reduce the value of the property, or (d) increase the rate or result in the cancellation of fire insurance on the apartments or the contents thereof.

The proposed House Rules provide, in part: (1) No waterbeds shall be permitted in the apartments; (2) No livestock, poultry, rabbits or other animals shall be allowed on the premises except that household pets in reasonable number may be kept by the owners and occupants of residential apartments, all pets must be registered immediately with the Managing Agent; and (3) occupancy is limited to not more than two persons per bedroom contained in each apartment, excluding children under the age of five, except that in no event shall the number of occupants per bedroom contained in each apartment exceed three per bedroom, inclusive of children under the age of five.

OWNERSHIP OF TITLE: A Preliminary Title Report issued by First Land Title Corporation dated December 11, 1979, reflects that fee simple title to the land is held in the name of Gentry-Waipio, a Joint Venture, a Hawaii registered general partnership.

ENCUMBRANCES AGAINST TITLE: The Preliminary Title Report issued by First Land Title Corporation dated December 11, 1979, states that title to Lot 8224, of which the land on which the project is to be built is a part, is subject to the following encumbrances:

1. For any taxes that may be due and owing, reference is made to the Office of the Tax Assessor, First Division.
2. Easement 2786 (37 feet wide) for access and waterline purposes.
3. Easement 2976 (24 feet wide) for access and utility purposes.
4. Restriction of access to and from Interstate Highway F.A.P. I-H2-(3).

5. Condemnation of drainage easements 1, 2, 3, 4; construction easements 1, 3, 4; construction parcels C-5, C-6, C-7, C-11, C-12; Parcels 38, 39, 40 in regards to the construction, preservation and protection of Interstate Highway Project No. I-H2-I(3), condemned pursuant to Judgment and Final Order of Condemnation in Civil No. 29744, in favor of the State of Hawaii, dated July 22, 1974, filed as Document No. 698862.

6. That certain Unilateral Agreement and Declaration for Conditional Zoning dated August 26, 1977, filed as Land Court Document No. 832326 by Thomas Henry Gentry, husband of Nora Silvia Gentry, and Gentry-Pacific, Ltd., a Hawaii corporation. Reference is hereby made to the document for full particulars.

7. Mortgage, Security Agreement and Financing Statement dated March 30, 1978, by and between Gentry-Waipio, a Joint Venture, a Hawaii registered general partnership, Mortgagor, and Bank of Hawaii, a Hawaii banking corporation, Mortgagee, filed in the Bureau of Conveyances of the State of Hawaii in Liber 12805, Page 585, and also filed as Document No. 867417. A Notice of Commitment dated June 16, 1978, executed by Bank of Hawaii to make future advances, was filed as Document No. 882129.

8. Additional Charge Mortgage, Security Agreement and Financing Statement dated June 21, 1979, by and between Gentry-Waipio, Mortgagor, and Bank of Hawaii, Mortgagee, filed in Liber 13813, Page 793 and also filed as Document No. 949092.

PURCHASE MONEY HANDLING: A specimen Condominium Reservation Agreement, Deposit Receipt and Sales Agreement (hereinafter called "Reservation and Sales Agreement") and the Escrow Agreement have been submitted to the Real Estate Commission as part of the registration. The Escrow Agreement dated January 31, 1980 identified Security Title Corporation as the escrow agent. Upon examination, the specimen Reservation and Sales Agreement and the executed Escrow Agreement are found to be in compliance with Chapter 514A, Hawaii Revised Statutes, and particularly with Section 514A-40, Section 514A-39 and Section 514A-63 through Section 514A-67. The provisions of the Reservation and Sales Agreement and the Escrow Agreement should be carefully read by the purchasers. The specimen Reservation and Sales Agreement filed as part of the registration recites the conditions under which the purchaser acknowledges receipt of the Public Report.

Among other provisions, the Escrow Agreement provides that the purchaser shall be entitled to a refund of his funds less cancellation fee of fifteen dollars (\$15.00) only if (a) seller asks Escrow to refund the purchaser's funds or (b) seller notifies Escrow of seller's rescission of the Reservation and Sales Agreement or (c) the conditions provided in Sections 514A-63, 514A-64 or 514A-66 of the Horizontal Property Act (as amended on the date the Reservation and Sales Agreement becomes binding and effective) have been met and written notice thereof has been provided to the seller.

Among other provisions, the specimen Reservation and Sales Agreement provides that:

(1) All Reservation and Sales Agreements executed prior to the issuance of a Final Public Report for the

project shall constitute a "reservation" and not a "binding contract" for the purchase of an apartment. Accordingly, the reservation may be cancelled and terminated at any time at the option of either party (and purchaser shall receive a refund) until such time as the purchaser and seller execute a confirmation letter agreeing to render the Reservation and Sales Agreement a binding contract. Therefore, the purchaser shall be aware that the execution of a Reservation and Sales Agreement prior to the issuance of a Final Public Report does not necessarily mean that the purchaser will be able to purchase the apartment reserved for the price stated or on the other terms stated in the Reservation and Sales Agreement, or on any terms at all.

(2) Except for defects in any appliance or any other consumer product for which no warranty, express or implied, is given by the seller and which shall be covered only by the respective manufacturer's or dealer's warranty, if any, seller shall remedy all defects in the apartment or in any common elements due to faulty material or workmanship which are discovered within one (1) year from the date of completion of the building in which the apartment is located, as defined in Section 507-43 of the Hawaii Revised Statutes. Except for the express one year warranty, excluding appliances and other consumer products, made in the preceding sentence, THE SELLER MAKES NO WARRANTIES EXPRESS OR IMPLIED, WITH RESPECT TO THE APARTMENT AND THE PROJECT, INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, HABITABILITY, OR WORKMANLIKE CONSTRUCTION. The execution and delivery of the deed covering the apartment from seller to purchaser shall operate as an assignment from seller to purchaser of manufacturers' or dealers' warranties, if any, covering any appliances and other consumer products for the unexpired term thereof, to the extent that seller has the right and power to make such an assignment. Purchaser acknowledges and agrees that seller is not stating any such warranties exist, or that such an assignment will be effective, is not adopting any such manufacturers' or dealers' warranties, and is not acting as a co-warrantor, but is merely attempting to pass through to purchaser the benefits of such warranties, if any. The terms of the manufacturers' or dealers' written warranties, if any, are available for purchaser's examination at seller's office.

(3) The seller may cancel the Reservation and Sales Agreement and hold the purchaser in default if any material discrepancies are discovered between the financial information furnished by the purchaser and the purchaser's actual financial status. Seller may also cancel if the purchaser's application or eligibility for a mortgage loan is rejected or not given unqualified approval within sixty (60) days after application. If purchaser proposes to pay the purchase price in cash, and seller, in its sole discretion, after reviewing the written evidence submitted to it by purchaser, determines that seller is not satisfied as to purchaser's ability to make such cash payments, then seller may cancel the Reservation and Sales Agreement. Seller may also cancel the Reservation and Sales Agreement if the purchaser should die.

(4) The seller's mortgage loan (interim, renewals and extensions, used for acquiring the land,

constructing the project, and associated costs) shall be and remain at all times a lien to charge on the project, including the individual apartments prior to and superior to any and all other liens or charges on the project, and purchasers intentionally waive, relinquish and subordinate the priority or superiority of any lien or other legal or equitable interest they may have under the Reservation and Sales Agreement in favor of the lien or charge on the project of the security interest of the lender. The purchasers also consent to seller's interest in the Reservation and Sales Agreement and purchasers' escrow deposits to lender. The purchasers also irrevocably appoint the Managing Agent to receive and accept service of process on behalf of the purchasers.

(5) Seller and its agent have no program at this time nor is any program planned or contemplated to offer a rental service of any kind to the owners of apartments in the project, either individually or in any form of pooling arrangement, or by a third-party designated or arranged for by seller, nor have any representations been made by seller or its agent as to the feasibility of renting the apartment, or otherwise generating income or deriving any other economic benefit from ownership of the apartment. Seller and its agent have made no representations (nor is anyone authorized to do so) contrary to this paragraph with respect to either benefits to be derived from the rentals or other tax treatment of any purchaser of an apartment, except as to the availability of income tax deduction for mortgage interest payments and real estate taxes.

(6) The purchaser will pay all closing costs, including but not limited to, the escrow fee, conveyance taxes, all acknowledgment fees, all appraisal fees, all filing costs, charges for purchaser's credit report, costs for drafting of the mortgage and notes, and any assignment thereof, and costs of any title insurance. All applicable mortgage costs shall be paid by purchaser, and purchaser shall pay the nonrefundable start-up fee for commencement of the operations of the project by the Managing Agent and the Association of Apartment Owners. Real property taxes, maintenance costs and other prorations shall be made, and risk of loss shall transfer from seller to purchaser on the scheduled Closing Date as defined in the specimen Reservation and Sales Agreement. Purchaser shall execute all documents necessary for closing and deposit with escrow all funds other than proceeds of purchaser's first mortgage loan within ten (10) days after receiving written notice to pre-close. Pre-closing may commence at any time after the effective date of the Reservation and Sales Agreement.

(7) If purchaser is or will be an applicant for a federally insured purchase money mortgage loan, it is expressly agreed that, notwithstanding any other provisions of the Reservation and Sales Agreement, purchaser shall not be obligated to complete the purchase of the property described herein or to incur any penalty by forfeiture of earnest money deposits or otherwise unless the seller has delivered to purchaser a written statement issued by the Federal Housing Commissioner setting forth the appraised value of the property (excluding closing costs) which statement the seller hereby agrees to deliver to the purchaser promptly after such appraised value statement is made available to the seller. The

purchaser shall, however, have the privilege and option of proceeding with the consummation of this Agreement without regard to the amount of the appraised valuation made by the Federal Housing Commissioner. The appraised valuation is arrived at to determine the maximum mortgage the Department of Housing and Urban Development will insure. HUD does not warrant the value or the condition of the property. The purchaser should satisfy himself/herself that the price and the condition of the property are acceptable.

It is incumbent upon purchasers and prospective purchasers that they read with care the specimen Reservation and Sales Agreement and the executed Escrow Agreement. The Escrow Agreement establishes how the proceeds from the sale of the condominium units are placed in trust, as well as the retention and disbursement of funds.

MANAGEMENT AND OPERATION: The proposed By-Laws provide that the operation of the project shall be conducted for the Association of Apartment Owners by a responsible corporate Managing Agent. The Managing Agent shall be appointed by the Association, in accordance with the By-Laws, except that the Managing Agent for the initial period following the date of the organization of the Association of Apartment Owners may be appointed by the Developer without necessity of confirmation by the Association. The initial Managing Agent has not yet been finally selected.

GENTRY-WAIPIO COMMUNITY AREA ASSOCIATION. Each apartment owner, upon acquiring his apartment, shall become a member of the Gentry-Waipio Community Area Association, a non-profit Hawaii corporation, which is separate from the Association of Apartment Owners of Penakii. All apartment owners and any other persons or entities acquiring any right, title or interest in the property, including contract purchasers, are subject to, bound by, and shall comply strictly with the provisions of that certain Declaration of Covenants, Conditions and Restrictions for the Gentry-Waipio Community Area. Each apartment owner, by accepting his interest in an apartment in the property, covenants with the Gentry-Waipio Community Area Association and each of its members to abide by and comply with said Declaration of Covenants, Conditions and Restrictions for the Gentry-Waipio Community Area, as it may from time to time be supplemented and amended, the Community Area Association Charter of Incorporation and By-Laws, and all rules and regulations which may from time to time be lawfully promulgated thereunder.

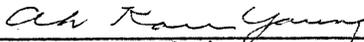
APARTMENT PURCHASE AGREEMENT WITH THE CITY AND COUNTY OF HONOLULU: The Developer advises that it may enter into an Apartment Purchase Agreement with the City and County of Honolulu for the sale of a maximum of sixteen (16) apartments in the project. By the provisions of said Apartment Purchase Agreement, it is the intent of the City to resell the apartments which are the subject of said Apartment Purchase Agreement to lower-income individuals who qualify to purchase said apartments.

OWNER'S TITLE INSURANCE: The Association does not provide owner's title insurance and if such insurance is desired, it is the individual purchaser's responsibility to purchase such insurance.

STATUS OF THE PROJECT: The Developer advises that construction of the project will commence on about April, 1980, and completion is scheduled for about August, 1980.

The purchaser or respective purchaser should be cognizant of the fact that this published report represents information disclosed by the Developer in the Notice of Intention submitted on January 21, 1980, and information subsequently filed as of March 4, 1980.

This PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM PUBLIC REPORT is made a part of Registration No. 1232 filed with the Commission on January 21, 1980. The paper stock used in making facsimiles must be yellow.



AH KAU YOUNG, Chairman
Real Estate Commission
State of Hawaii

DISTRIBUTION:

Department of Taxation
Office of the Assistant Registrar
of the Land Court
Planning Department
City and County of Honolulu
Federal Housing Administration
Escrow Agent

Registration No. 1232

March 7, 1980

